DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

SIXTH SESSION—SEVENTEENTH PARLIAMENT

25-26 GEORGE V, 1935

VOLUME IV, 1935

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1935

CANADA

House of Commons Debates

OFFICIAL REPORT

Tuesday, June 4, 1935

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

Second report of the select standing committee on miscellaneous private bills—Mr. Stinson.

HYNDMAN COMMISSION

Hon. D. M. SUTHERLAND (Minister of Pensions and National Health) moved:

That there be printed 400 copies in English and 200 in French of the report of the Hyndman commission on unemployment conditions among ex-service men.

Motion agreed to.

PRIVATE BILL

Mr. ONESIME GAGNON (Dorchester) moved:

That the petition of The Community General Hospital, Alms House and Seminary of Learning of the Sisters of Charity at Ottawa, presented on June 3, praying for the passing of an act of reincorporation under the name of The Community General Hospital, Alms House and Seminary of Learning of the Sisters of Charity at Ottawa, Canada, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders for the purpose of considering the suspension of standing orders 92 93 (3) (a) and (c) and 95 in relation thereto.

Motion agreed to.

REGULATION OF WHALING

APPROVAL OF INTERNATIONAL CONVENTION SIGNED AT GENEVA

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

That it is expedient that parliament do approve of the international convention for the regulation of whaling signed at Geneva on the twenty-fourth day of September, 1931, reading as follows:

Convention for the Regulation of Whaling

Geneva, September 24, 1931.

His Majesty the King of the Albanians; the President of the German Reich; the President of the United States of America; His Majesty the King of the Belgians; His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India; the President of Republic of Colombia; His Majesty the King of Denmark and Iceland; the President of the Government of the Spanish Republic; the President of the Republic of Finland; the President of the French Republic; the President of the Hellenic Republic; His Majesty the King of Italy; the President of the United States of Mexico; His Majesty the King of Norway; Her Majesty the Queen of the Netherlands; the President of the Polish Republic; His Majesty the King of Roumania; the Swiss Federal Council; the President of the Czechoslovak Republic; the President of the Turkish Republic; His Majesty the King of Yugoslavia have appointed as their plenipotentiaries the following:

His Majesty the King of the Albanians:

M. Lec Kurti, Resident Minister, Permanent Delegate accredited to the League of Nations.

The President of the German Reich:

M. Hans Hermann Völckers, Consul-General at Geneva.

The President of the United States of America:

Mr. Hugh R. Wilson, Envoy Extraordinary and Minister Plenipotentiary to the Swiss Federal Council.

His Majesty the King of the Belgians:

M. P. Hymans, Minister for Foreign Affairs.

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India:

For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:

The Right Honourable Viscount Cecil of Chelwood, K.C.

For the Dominion of Canada:

The Honourable Hugh Guthrie, P.C., K.C., M.P., Minister of Justice and Attorney-General.

For the Commonwealth of Australia:

Mr. James R. Collins, C.M.G., C.B.E., Official Secretary and Financial Adviser in the Office of the High Commissioner in London.

For the Dominion of New Zealand:

Sir Thomas Mason Wilford, K.C.M.G., K.C., High Commissioner in London.

For the Union of South Africa:

Mr. C. T. te Water, High Commissioner in London.

For India:

Sir Brojendra L. Mitter, Kt., Law Member of the Viceroy's Executive Council.

The President of the Republic of Colombia:

Dr. A. J. Restrepo, Permanent Delegate accredited to the League of Nations.

His Majesty the King of Denmark and Iceland:

M. William Borberg, Permanent Delegate accredited to the League of Nations.

The President of the Government of the Spanish Republic:

M. Alejandro Lerroux García, Minister of State.

REVISED EDITION

The President of the Republic of Finland:
M. Evald Gyllenbögel, Counsellor of Legation, Permanent Delegate a.i. accredited to the League of Nations.

The President of the French Republic:
M. Louis Rollin, Deputy, Minister of Commerce and Industry.

The President of the Hellenic Republic:
M. R. Raphaël, Permanent Delegate accredited to the League of Nations.

His Majesty the King of Italy:
M. Augusto Rosso, Minister Plenipotentiary, Substitute Delegate to the Council of the League of Nations.

The President of the United States of Mexico:
M. Salvador Martïnez de Alva, Head of the Permanent Office accredited to the League of Nations.

His Majesty the King of Norway:
M. Birger Braadland, Minister of Foreign Affairs.

Her Majesty the Queen of the Netherlands:
Jonkheer F. Beelaerts van Blokland, Minister for Foreign Affairs.

The President of the Polish Republic:
M. Auguste Zaleski, Minister of Foreign Affairs.

His Majesty the King of Roumania:
M. Constantin Antoniade, Envoy Extraordinary and Minister Plenipotentiary accredited to the League of Nations.

The Swiss Federal Council:
M. Giuseppe Motta, President of the Swiss Confederation, Head of the Federal Political Department.

The President of the Czechoslovak Republic:
M. Zdeněk Fierlinger, Envoy Extraordinary and Minister Plenipotentiary to the Swiss Federal Council, Permanent Delegate accredited to the League of Nations.

The President of the Turkish Republic:
Cemal Hüsnü Bey, Envoy Extraordinary and Minister Plenipotentiary to the Swiss Federal Council.

His Majesty the King of Yugoslavia:
M. Voislav Marinkovitch, Minister for Foreign Affairs.

Who, having communicated their full powers, found in good and due form, have agreed on the following provisions:

Article 1

The high contracting parties agree to take, within the limits of their respective jurisdictions, appropriate measures to ensure the application of the provisions of the present convention and the punishment of infractions of the said provisions.

Article 2

The present convention applies only to baleens or whalebone whales.

Article 3

The present convention does not apply to aborigines dwelling on the coasts of the territories of the high contracting parties provided that:

(1) They only use canoes, pirogues or other exclusively native craft propelled by oars or sails;

(2) They do not carry firearms;

(3) They are not in the employment of persons other than aborigines;

[Mr. Bennett.]

(4) They are not under contract to deliver the products of their whaling to any third person.

Article 4

The taking or killing of right whales, which shall be deemed to include North-Cape whales, Greenland whales, southern right whales, Pacific right whales and southern pigmy right whales, is prohibited.

Article 5

The taking or killing of calves or suckling whales, immature whales, and female whales which are accompanied by calves (or suckling whales) is prohibited.

Article 6

The fullest possible use shall be made of the carcases of whales taken. In particular:

1. There shall be extracted by boiling or otherwise the oil from all blubber and from the head and the tongue and, in addition, from the tail as far forward as the outer opening of the lower intestine.

The provisions of this sub-paragraph shall apply only to such carcases or parts of carcases as are not intended to be used for human food.

2. Every factory, whether on shore or afloat, used for treating the carcases of whales shall be equipped with adequate apparatus for the extraction of oil from the blubber, flesh and bones.

3. In the case of whales brought on shore, adequate arrangements shall be made for utilizing the residues after the oil has been extracted.

Article 7

Gunners and crews of whaling vessels shall be engaged on terms such that their remuneration shall depend to a considerable extent upon such factors as the size, species, value and yield of oil of whales taken, and not merely upon the number of whales taken, in so far as payment is made dependent on results.

Article 8

No vessel of any of the high contracting parties shall engage in taking or treating whales unless a licence authorizing such vessel to engage therein shall have been granted in respect of such vessel by the high contracting party, whose flag she flies, or unless her owner or charterer has notified the government of the said high contracting party of his intention to employ her in whaling and has received a certificate of notification from the said government.

Nothing in this article shall prejudice the right of any high contracting party to require that, in addition, a licence shall be required from his own authorities by every vessel desirous of using his territory or territorial waters for the purposes of taking, landing or treating whales, and such licence may be refused or may be made subject to such conditions as may be deemed by such high contracting party to be necessary or desirable, whatever the nationality of the vessel may be.

Article 9

The geographical limits within which the articles of this convention are to be applied shall include all the waters of the world, including both the high seas and territorial and national waters.

Article 10

1. The high contracting parties shall obtain, with regard to the vessels flying their flags

and engaged in the taking of whales, the most complete biological information practicable with regard to each whale taken, and in any case on the following points:

(a) Date of taking;
(b) Place of taking;
(c) Species;
(d) Sex;
(e) Length; measured, when taken out of water; estimated, if cut up in water;
(f) When fœtus is present, length and sex if ascertainable;
(g) When practicable, information as to stomach contents.

2. The length referred to in sub-paragraphs (e) and (f) of this article shall be the length of a straight line taken from the tip of the snout to the notch between the flukes of the tail.

Article 11

Each high contracting party shall obtain from all factories, on land or afloat, under his jurisdiction, returns of the number of whales of each species treated at each factory and of the amounts of oil of each grade and the quantities of meal, guano and other products derived from them.

Article 12

Each of the high contracting parties shall communicate statistical information regarding all whaling operations under their jurisdiction to the international bureau for whaling statistics at Oslo. The information given shall comprise at least the particulars mentioned in Article 10 and: (1) the name and tonnage of each floating factory; (2) the number and aggregate tonnage of the whale catchers; (3) a list of the land stations which were in operation during the period concerned. Such information shall be given at convenient intervals not longer than one year.

Article 13

The obligation of a high contracting party to take measures to ensure the observance of the conditions of the present convention in his own territories and territorial waters, and by his vessels, shall not apply to those of his territories to which the convention does not apply, and the territorial waters adjacent thereto, or to vessels registered in such territories.

Article 14

The present convention, the French and English texts of which shall both be authoritative, shall remain open until the thirty-first of March, 1932, for signature on behalf of any member of the League of Nations or of any non-member state.

Article 15

The present convention shall be ratified. The instruments of ratification shall be deposited with the secretary-general of the League of Nations, who shall notify their receipt to all members of the League of Nations and non-member states indicating the dates of their deposit.

Article 16

As from the first of April, 1932, any member of the League of Nations and any non-member state, on whose behalf the convention has not been signed before that date, may accede thereto.

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The instruments of accession shall be deposited with the secretary-general of the League of Nations, who shall notify all the members of the League of Nations and non-member states of their deposit and the date thereof.

Article 17

The present convention shall enter into force on the ninetieth day following the receipt by the secretary-general of the League of Nations of ratifications or accessions on behalf of not less than eight members of the league or non-member states, including the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland.

As regards any member of the league or non-member state on whose behalf an instrument of ratification or accession is subsequently deposited, the convention shall enter into force on the ninetieth day after the date of the deposit of such instrument.

Article 18

If after the coming into force of the present convention the council of the League of Nations, at the request of any two members of the league or non-member states with regard to which the convention is then in force, shall convene a conference for the revision of the convention, the high contracting parties agree to be represented at any conference so convened.

Article 19

1. The present convention may be denounced after the expiration of three years from the date of its coming into force.

2. Denunciation shall be effected by a written notification addressed to the secretary-general of the League of Nations, who shall inform all the members of the league and the non-member states of each notification received and of the date of its receipt.

3. Each denunciation shall take effect six months after the receipt of its notification.

Article 20

1. Any high contracting party may, at the time of signature, ratification or accession, declare that, in accepting the present convention, he does not assume any obligations in respect of all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate; and the present convention shall not apply to any territories named in such declaration.

2. Any high contracting party may give notice to the secretary-general of the League of Nations at any time subsequently that he desires that the convention shall apply to all or any of his territories which have been made the subject of a declaration under the preceding paragraph, and the convention shall apply to all the territories named in such notice ninety days after its receipt by the secretary-general of the League of Nations.

3. Any high contracting party may, at any time after the expiration of the period of three years mentioned in Article 19, declare that he desires that the present convention shall cease to apply to all or any of his colonies, protectorates, overseas territories or territories under suzerainty or mandate and the convention shall cease to apply to the

territories named in such declaration six months after its receipt by the secretary-general of the League of Nations.

4. The secretary-general of the League of Nations shall communicate to all the members of the League of Nations and the non-member states all declarations and notices received in virtue of this Article and the dates of their receipt.

Article 21

The present convention shall be registered by the secretary-general of the League of Nations as soon as it has entered into force.

In faith whereof the above-mentioned plenipotentiaries have signed the present convention.

Done at Geneva, on the twenty-fourth day of September one thousand nine hundred and thirty-one, in a single copy which shall be kept in the archives of the secretariat of the League of Nations and of which certified true copies shall be delivered to all the members of the League of Nations and to the non-member states.

Albania
Lec Kurti

Germany
Dr. Hans Hermann Völckers

United States of America
Hugh R. Wilson

Belgium
Hymans

Great Britain and Northern Ireland, and all parts of the British Empire which are not separate members of the League of the Nations
Cecil

Canada
H. Guthrie

Commonwealth of Australia
James R. Collins

New Zealand
Thomas M. Wilford

Union of South Africa
C. T. te Water

India
B. L. Mitter

Columbia
A. J. Restrepo

Denmark
William Borberg
With reservation, until further notice, as regards Greenland

Spain
A. Lerroux

Finland
Evald Gyllenbögel

France
Louis Rollin

Greece
R. Raphaël

Italy
Augusto Rosso

Mexico
S. Martinez de Alva

Norway
Birger Braadland

The Netherlands
For the kingdom in Europe and the Netherlands Indies
Beelaerts van Blockland

Poland
Auguste Zaleski

Roumania
C. Antoniade

Switzerland
Motta

Czechoslovakia
Zd. Fierlinger

Turkey
Cemal Hüsnü

Yugoslavia
Dr. V. Marinkovitch

And that this house do approve of the same.

He said: The international convention with respect to whaling is the natural result of the adoption of means in connection with the destruction of the whale which would lead to their extinction. It is known to all hon. members that in various provinces of confederation we have had to adopt means to prevent certain methods being used in the destruction of game and fish. Whales, which are of course in the high seas, have been destroyed in the north Atlantic ocean to a point where there are only few remaining. In the Antarctic, where they are numerous, it was found necessary to take restrictive and prohibitory measures to ensure the continuance of the whale. It may sound very strange, but the fact is that in the year 1930 the whaling fleets of the world destroyed 40,201 whales in the Antarctic ocean. When I say to this house that not half of that number were killed in the entire ten-year period between 1920 and 1930 hon. members will have some appreciation of the extent of the slaughter. In this process of destruction 232 whale-catching boats were engaged with 6 shore stations and 41 floating factories.

These floating factories follow the ships that destroy the whales. They are largely destroyed, as is known, with harpoons and bombs, and the fat is rendered in these floating refineries with the result that very great havoc has been made through the destruction of the whales. Great Britain and Norway largely control the whaling industry but it was realized, of course, that action merely by one national could not accomplish any good purpose for the simple and obvious reason that the whales are found on the high seas and if other nations were not prohibited from carrying on operations the ships of other nationals would take advantage of the fact and the destruction would continue. Therefore an effort has been made to bring about an international understanding or convention, and after an inquiry had been made by a committee of the League of Nations this convention which is now before the house was adopted.

I may say that the convention, which was opened for signature on the twenty-fourth day

of February, 1931, has been signed by Albania, Germany, the United States, Belgium, the United Kingdom, Canada, Australia, New Zealand, South Africa, India, Colombia, Denmark, Spain, Finland, France, Greece, Italy, Mexico, Norway, The Netherlands, Poland, Roumania, Switzerland, Czechoslovakia, Turkey and Yugoslavia, and ratification has been completed by the United Kingdom, South Africa, Czechoslovakia, Denmark, Italy, Mexico, The Netherlands, Poland, Spain, Switzerland, Turkey, the United States, and Yugoslavia. Brazil, Egypt, Nicaragua, Monaco, Sudan and Ecuador, which were not signatories to the original convention have acceded to its provisions. The convention came into force on the sixteenth day of January of this year.

The only other point I assume upon which the members of this house would like to be advised is what the provisions are with respect to enforcement, restrictions and the prohibitions. The convention contemplates that each national will take adequate steps to see that the convention to which it has become a party is duly and properly enforced. So far as we in Canada are concerned, in 1933, I think we had four whaling vessels on our registry engaged in the destruction of whales, and they operated entirely on the west coast of Canada, the headquarters being in the Queen Charlotte islands. The total number of whales that were taken during that period amounted to 209 in the last season for which we have a record in the north Pacific waters, and 509,000 gallons of whale oil were secured. So far as we are concerned the regulations and prohibitions with respect to some species of whales are not difficult of enforcement. The provisions of our Fisheries Act, the Department of Justice advises, by sections 7, 8, 9, 34 and 52, confer sufficient authority upon the government to carry into effect the obligations and responsibilities that rest upon this country by reason of the convention.

I do not think that any good purpose would be served by a more lengthy statement of what the objects of the convention are. I trust that they are such as will appeal to the members of this house as eminently proper in the premises and that there will be no difficulty in adopting the resolution which aims at the preservation of the whales not only for industrial purposes, because whale oil is a very valuable product, but also to prevent a surplus of the oil being placed upon the markets of the world with a corresponding destruction of prices. I therefore move, Mr. Speaker, seconded by Mr. Guthrie, the adoption of the resolution.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, here we are legislating about whales. This is the new social order. In the time of the prophet whales belonged to the old order, but the old order has gone and whales went with them. Evidently the Prime Minister wants the old order restored, so now he proposes legislation with regard to whales. Most ridiculous, Mr. Speaker! Have we not other things to discuss in the House of Commons that we must be considering whales for human food? Our farmers complain that they cannot sell their potatoes, their cattle and other produce that they grow on their farms, and now we are to use whales for human food, and that is proposed by the right hon. the Prime Minister of Canada. Enough of that, Mr. Speaker. It is most foolish and most ridiculous.

Mr. SPEAKER: Order. The hon. member should not refer to remarks made by the Prime Minister on a motion for the ratification of a convention agreed upon by various nations of the world as most foolish, and I would ask him not to do it.

Mr. POULIOT: I accept your ruling, Mr. Speaker, and I withdraw what has been said if it is not within the rules of the house. As I was saying, in these times of distress our farmers complain that they cannot sell their products, and here we are to raise whales on a very large scale, because whales are large fish. I wonder if the dredging around the island of the Postmaster General was done to prepare for whales coming there. It is most extraordinary. We have had legislation about migratory birds, and now we are to have legislation about whales. Who could believe it if it were not printed on the records of this house? But this convention about whales is printed on the official records of parliament and it is proposed by the Prime Minister unless my eyes and ears have deceived me. I cannot conceive but that it will be received with a general roar of laughter throughout the country. Let us have a piece of whale steak for a sandwich, and whale hot dogs. It is most extraordinary. I believe, Mr. Speaker, I am within the rules of the house in stating that it is extraordinary. I shall not use any other expression though I find many on my lips to describe this legislation, but I want to keep within the rules of the house. I wonder if the Prime Minister will not give us recipes for the eating of whale. Should we take H.P. sauce with it or ketchup or salt and pepper or mustard, English or French? I should like the Prime Minister, who is the chef of this party, to give us some recipes for eating whale. One

cannot imagine any Canadian citizen, man or woman, not having a roar of laughter when he thinks of it.

But not only that. I hesitate to read some of the articles of this convention. The wording is unusual. I would draw the attention of every member of the house who has the order paper before him to some sections of the convention. It would be improper to use such language, so I shall not recite the articles but I would refer hon. gentlemen, for instance, to article No. 6, paragraph one. It is most disgusting; also article 10; it would take a doctor to make such an inquiry. But these are the things that are proposed by the right hon. the Prime Minister, who is a gentleman. I cannot conceive how it could happen. Now when we go to the people the government will say, "We are giving you something new. In the future you will eat whales." It is most incredible and stupid. And the farmers who cannot sell their products I suppose will go to the Antarctic and harpoon whales to cater to us. I shall not insist upon it too much but I did want to show how ridiculous such legislation is even though it is covered by a convention.

Mr. JACOBS: What nations are not signatories to this convention?

Mr. BENNETT: So far as I recall, Japan is the only one.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I think the objects of this convention are wholly commendable. It is desirable that the great natural wealth of the world should be preserved, particularly where it ministers to the needs of the peoples of all countries, and it is obvious that this end cannot be obtained except by the combined efforts of the different nations. I imagine that combined effort can be most effectively made through the League of Nations and it is to be hoped that any country which has not thus far become a party to this convention may be induced to see the wisdom of joining with the other nations in preserving a part of the common inheritance of mankind. I should like to ask the Prime Minister (Mr. Bennett) how it happens that we are only now being asked to approve a convention which was signed in 1931. Is there any reason for the long delay?

Mr. BENNETT: The convention did not come into force until January 16 of this year as it was waiting for the signatures of other nations.

[Mr. Pouliot.]

Mr. NEILL: Does the definition contained in article four apply to the whales usually taken on the Pacific coast?

Mr. BENNETT: I am told that the convention will apply to all whales except those known as the toothed whale.

Motion agreed to.

OLD AGE PENSIONS ACT

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Last night I inquired of the Minister of Labour (Mr. Gordon) in connection with any proposed amendments to the Old Age Pensions Act. The minister stated he could not give me an answer at that time and I should now like to ask the Prime Minister (Mr. Bennett) if it is the intention of the administration to introduce legislation during the present session to amend the Old Age Pensions Act?

Right Hon. R. B. BENNETT (Prime Minister): There is a matter under consideration which affects the relationship of the provinces and the dominion but I am not in a position to give a more definite answer to the question.

COOPERATIVE SOCIETIES

On the orders of the day:

Mr. E. J. GARLAND (Bow River): Is it the intention of the government to introduce legislation at this session along the lines with the recommendation of the price spreads commission in connection with the incorporation of cooperative consumers' societies?

Right Hon. R. B. BENNETT (Prime Minister): The question will be considered as a notice of question.

PRIVILEGE—MR. MANION

CONTRADICTION OF STATEMENTS APPEARING IN THE HYNDMAN COMMISSION REPORT

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I rise to a question of privilege, something which I have done only once before in about twenty sessions. A report was tabled yesterday by the Minister of Pensions and National Health (Mr. Sutherland) in connection with an investigation into the existing facilities with regard to employment of ex-service men. After referring to a charge which had been made that an insufficient number of returned

men were employed by the Montreal harbour commission, the following statement is made on page 10 of the report:

> Similar complaints were made with regard to the meagre employment of veterans on jobs outside the control of the civil service commission on canals, especially in the vicinity of Montreal. This also might well be inquired into by the Department of Railways and Canals.

This statement is absolutely undeserving. I asked my chief engineer, who by the way is a returned man, to give me a statement of the number of returned men employed by the department on the canals. He gave me the following figures in connection with the Lachine and Welland ship canals, which make up about 60 per cent of the canals of Canada. Out of a total number of 439 employed on the Lachine canal, 184 or 42 per cent are returned men. Out of a total of 510 employed on the Welland ship canal, 330 or 65 per cent are returned men. Out of a total of 949 employed on the two canals, 514 or 54 per cent are returned men. I make this statement as I think it is most unfair that any committee or commission should listen to only one side when making an investigation and make a report without calling upon the other side to give an explanation. This commission did not do this and they made a report by implication condemning the department. I hope this correction will receive the same publicity as the statement which was made in the report and I trust the rest of the report is more dependable than this particular statement.

Mr. MACKENZIE (Vancouver): Is the minister referring to the Hyndman report which was tabled yesterday?

Mr. MANION: Yes.

GRADE CROSSINGS

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): Some time ago a question was asked by the hon. member for West Middlesex (Mr. Elliott) in connection with grade crossings which had been eliminated under the provisions of the public works acts. I am informed by the board of railway commissioners that of the crossings protected since the fund came into existence, 30 per cent were rural and 70 per cent were urban crossings. I have not been able to get the information for the last two years.

Hon. J. C. ELLIOTT (West Middlesex): Could the minister advise when we might expect the information in connection with the crossings protected during the last two years?

Mr. MANION: The board of railway commissioners have been working on this matter and I shall get this information as soon as possible.

DOMINION NOTES ACT

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to ask the Prime Minister (Mr. Bennett) if a date has been set for the repeal of the Dominion Notes Act?

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman knows that he should give notice of a question like that as obviously I could not carry matters of that sort in my head. This matter concerns the Department of Finance and I shall make an inquiry, in the meantime treating this question as a notice.

HYNDMAN COMMISSION

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I inquired yesterday of the Minister of Pensions and National Health (Mr. Sutherland) with respect to the report of the Hyndman commission which was tabled yesterday afternoon. At that time the minister stated that he would probably disclose today what disposition the government intended to make of this report.

Hon. D. M. SUTHERLAND (Minister of Pensions and National Health): This matter will have to be thought over very carefully. Members of the government have not had an opportunity to go into this report very thoroughly and will not have until the report is printed. So far there have been only a very limited number of copies available.

CANADIAN NATIONAL RAILWAYS

BRANCH LINE BETWEEN ST. WALBURG AND LOON LAKE

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): I have a question to ask the Minister of Railways, and as a preliminary basis for that question I should like to read the following telegram, dated Loon Lake, via Meadow Lake, Saskatchewan, May 31, 1935:

> C. R. McIntosh, M.P.,
> Parliament Bldg., Ottawa.
>
> Settlers over entire area again request a favourable reply to their petition asking for completion of grade and steel from St.

Walburg to Loon Lake this summer. We feel the time is ripe to help the thousands who moved here from the south on the understanding that this line would be completed. Your cooperation is requested.

Northern Railways Development Association,
C. F. Marshall, President,
Fred Mitchell, Secretary-Treasurer.

I understand that in regard to this railway the minister has a petition dated April 4. Moreover, the matter has been brought up in the house by myself time and again during the last five years.

Mr. SPEAKER: I would ask the hon. member to put his question.

Mr. McINTOSH: I am just coming to the question.

Mr. SPEAKER: The hon. member has laid a sufficient foundation for the question if he will now kindly ask it.

Mr. McINTOSH: The question, based on the submission made to the special committee on railways and shipping by the member for Athabaska and myself on April 10, and also on the questions, to which I have referred, brought up in the house during the last five years, is this: Can the minister add anything further to his previous statements in regard to the extension of this branch line, thus more fully informing parliament and the country on the question.

Hon. R. J. MANION (Minister of Railways): The hon. gentleman appeared before the railway committee and, assisted by the hon. member for Athabaska (Mr. Davies), submitted the case. They both went into the matter carefully with the management. I have nothing new from the management with regard to the question but they are no doubt giving it consideration and I shall be glad to bring to their attention the remarks which the hon. gentleman has just made.

GRANTING OF INTERIM SUPPLY

On the orders of the day:

Right Hon W. L. MACKENZIE KING (Leader of the Opposition): I notice that yesterday, when the Minister of Finance (Mr. Rhodes) was asking for interim supply, he intimated that he thought an arrangement had been made with the opposition as to the granting of this supply. As a matter of fact, I do not think that any such arrangement was made with anyone on this side of the house. Had I been here, I would not have objected to the granting of a month's interim supply; I would, however, have pointed out that it is now over five years since the last parliament went out of existence, and that the time has come when the members on this side, or indeed in any other part of the house, should not be asked to take steps calculated to assist in further prolonging the demise of the present parliament and government.

PATENTS OF INVENTION

The house resumed, from Tuesday, May 28, consideration in committee of Bill No. 48, to amend and consolidate the acts relating to patents of invention—Mr. Cahan—Mr. Morand in the chair.

The CHAIRMAN: Section 65 is under consideration.

Hon. C. H. CAHAN (Secretary of State): During the debate on the various sections of this bill, from 1 to 64, the hon. member for East Kootenay (Mr. Stevens), the former Minister of Trade and Commerce, called the attention of the house to a letter which he had written, addressed to me, dated July 30, 1934. I remembered, of course, receiving that letter and making certain inquiries in regard to it, and then seeking an interview with the hon. gentleman, who was then my colleague in the government, and finding that he had left for the west, the time of his return being uncertain. I have no doubt there is a proper explanation why a letter dated July 30, 1934, was not delivered to me until several days later. I presume the explanation is that prior to leaving for the west he signed a number of letters, one dated July 30, and that that letter was held by his secretary for the compilation of the documents which were to be attached to it and which might require some further time. But this fact remains, as I have stated, that I did make some inquiries in regard to the matter during his absence; and without going into a full discussion—I do not think this is necessary—I wish to say simply that I did find that, with regard to the complaint of George A. Broder of the North Shore Radio and Electric Company of Vancouver, on the same day as the date of the letter in question, July 30, a judgment against him had been entered in the Exchequer Court of Canada for infringement of patent rights; and that judgment having been entered, and the case closed by a judgment from which no appeal had been taken, there was no possibility of the Secretary of State or of the commissioner of patents intervening. With regard to the case of Morris Feldberg, on looking into it I found that among the documents submitted to me was

one from an official of the hon. gentleman's own department, throwing considerable discredit upon the statements alleged to have been made by Feldberg to the Minister of Trade and Commerce. I found that an injunction had been obtained against Feldberg for infringement in the exchequer court on April 18, 1934. Subsequent evidence submitted showed that Feldberg, despite this injunction and in contempt of court, was proceeding still with the infringement of this patent by the sale in considerable quantities of articles which were an infringement of the patent. Feldberg was brought before Mr. Justice Maclean of the exchequer court on July 17, 1934, for contempt. Mr. Justice Maclean entered very carefully into the matter and gave a full explanation to Feldberg with regard to his wrongdoing and with respect to the order of the court issued against him; and then, taking a personal promise from Feldberg that he would no longer attempt these illicit sales, he postponed the commitment of Feldberg, on his solemn promise that he would cease from these infringements; and it appeared to me that in these cases, which had been closed in the court by judgments of the court, no good purpose would be served by my entering into this private dispute.

With regard to the matters which are under discussion at the present time, I would seek the earnest attention of the house to one or two considerations which I feel it my duty to submit. The real issue is whether we are to adopt an amendment proposed by the hon. member for East Kootenay which, in its terms, if carried into effect, is a complete violation of an international convention to which we are a party. The government, in giving consideration to this issue, decided that, although the previous government ratified that convention, it was the bounden duty of a succeeding government, so long as that convention remained in force, to maintain legislation consistent with its terms, because the violation of that convention by a succeeding government would cast grave reflection upon this house and the government.

In order that the matter may be more completely understood, allow me to say that the first international convention for the protection of industrial property, which includes patents and patent rights, was signed in Paris on March 23, 1883. Canada did not become a party to that convention. The second one was signed at Brussels on December 14, 1900. Canada did not become a party to that convention because the laws relating to patents in force in this country at that time were not consistent nor in conformity with the obligations which a nation ratifying the convention would be in honour bound to undertake. The third convention was signed at Washington on June 2, 1911. That convention was not ratified by Canada until September 1, 1923. I find that there was considerable correspondence between the late government and especially the government of the United Kingdom with regard to the ratification of that convention The officers of the government of the United Kingdom pointed out to the Canadian government that while our patent law remained as it then was, it would be improper for Canada to become a party to that convention. But in 1923 the government of the present leader of the opposition (Mr. Mackenzie King) ratified the convention on September 1, and in that year brought into effect certain amendments to the patent law which were in conformity with the terms of the convention as they then existed.

The fourth convention was signed at the Hague on November 1, 1925. That convention was signed by a representative of Canada, but the ratification of it was not deposited by this country until May 1, 1928. That Hague convention of 1925 introduced into the existing convention certain new provisions which were to the effect that before a patent could be revoked in accordance with the terms of the convention, there must first be an order for the granting of licences to others to manufacture the patented articles within Canada and a reasonable time must be given to ascertain whether the granting of licences, and thus bringing about within this country competition in the manufacture, sale and use of the patented article, would serve to remedy the abuses then complained of, but if those abuses then complained of were not remedied by the grant of licences to competitors, then the commissioner of patents or any other executive authority would have, within the terms of the convention, the right and power of abrogating the patent and wiping it out of existence, so that thereafter there would be no continuing monopoly in being in this country and every person desiring to manufacture, sell and use, would be quite free from any restrictions imposed by the grant of the patent.

The amendment which is proposed by the hon. member for East Kootenay is, in terms, section 40 of the existing act, and he proposes to amend section 65 of the bill by the addition of that clause in the present act which was first enacted in Canada on June 13, 1923, before the date of the Hague convention in 1925 and before the ratification of that convention in 1928 by the government then led by the present leader of the opposition In

1923 this provision, which is now proposed, differed from the English act that was then in force and that it purported in some of its terms to follow, but providing in addition that in the case of any abuse of the exclusive rights of the patentee, the commissioner of patents could order the patentee "to supply the patented article within reasonable limits at such price as may be fixed by him and in accordance with the custom of the trade to which the invention relates as to the payment and delivery, or to grant licences for the use of the patented invention as may be fixed by him, in either case within and after such time as may be fixed by him and on pain of forfeiture of the patent."

That section, which purported to authorize the commissioner of patents to fix the prices at which patented articles might be sold in this country, has been considered on many occasions by the leading legal counsel of the country, and there has been at least a grave apprehension that the parliament of Canada has not legislative competence to fix and determine the price of articles which are sold generally throughout this country. That grave apprehension as to the validity of any such fixing of prices has I think been the chief deterrent against the attempt to enforce that provision. But, on May 1, 1928, Canada ratified the Hague international convention of November 6, 1925, and that provision in our Patent Act then came into direct conflict with Canada's international obligations under that convention. Section 40 of the existing act, which it is now proposed to revive, purports to authorize the commissioner of patents to order the patentee to supply the patented article within reasonable limits at such prices as may be fixed by him, that is, as may be fixed by the commissioner of patents. It is obvious that the patentee's monopoly right under a patent would be valueless to him if the commissioner were authorized to fix the prices at which the patented article should be sold in this country. It is obvious also, I think, that there is, and there has been grave doubt whether the parliament of Canada under clause 22 of section 91 of the British North America Act of 1867, having authority to make laws in relation to patents of invention and discovery, has also, in respect of the laws relating to patents of invention, the legislative competence to fix the prices at which patented articles may be sold to the public in Canada. But apart from that doubt as to the legislative competence of parliament, after Canada adhered to the Hague convention of May 1, 1928, there can be no doubt that any attempt on the part of an official of the government of Canada to fix such prices, under the provisions of any such section of the Patent Act as the old section 40, would be and be deemed to be a violation of the terms of the international convention to which we became parties.

After correspondence between the late government led by the right hon. leader of the opposition with the government of the United Kingdom it was arranged that the government of the United Kingdom would deposit the British ratification of this Hague convention on the same date, May 1, 1928. So that the United Kingdom and Canada became parties to that convention on the same day. The government of the United Kingdom then reformed its patent laws so that those laws would entirely conform to and be consistent with the terms of the international convention to which both governments had become parties.

But two conditions were imposed by the Hague convention, which may be briefly stated as follows: That each of the contracting countries shall have the right to take the necessary legislative measures to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example failure to work or other abuses, but it is also strictly stipulated by the terms of this convention that these measures shall not provide for the revocation of the patent unless the grant of compulsory licenses —that is, to enable others to enter and compete and manufacture and sell and use—is insufficient to prevent such abuses. Therefore the English patent act, in conformity with the Hague convention, was made to provide that in case any person interested made application in the prescribed manner, alleging in case of any patent that there has been an abuse, the first remedy must be sought in the grant to others of a compulsory licence to import, manufacture, sell or use the patented article. And thereafter, if the grant to others of such compulsory licence shall prove insufficient to prevent such abuses, then the comptroller of patents, as he is called in England, or the commissioner of patents, as he is denominated in Canada, may revoke the patent and thereby completely destroy the monopoly and all the monopoly rights existing thereunder. In this bill we deemed it advisable to follow in exact terms the English legislation, which is equally applicable to this country and the conditions which prevail in this country.

The patent laws of the United States do not permit of the revocation of a patent under any circumstances, therefore, no matter what abuses may arise during the term of sixteen years for which the patent is in force, there is

no such remedy under United States legislation as the revocation of a patent because of prevailing abuses. To mention briefly just one authority, Walker on Patents, one of the leading United States authorities,—fifth edition—the author summarizes the law of the United States as follows at page 185 of that edition:

> Patent rights are property, and the very essence of the rights conferred by the patent is the exclusion of others from its use. The owner of a patent is both legally and equitably entitled to the same protection for that property, that the owner of any other species of property may enjoy; and he cannot be constitutionally deprived of that property without due process of law. Due process of law includes the constitutional judgments and decrees of courts; but it does not include any act of Congress, or of any other legislature. Patent rights, once vested, are therefore incapable of being divested by act of Congress, except of course by the exercise of the power of eminent domain. Nor can Congress do indirectly, that which it is forbidden to do with directness. It cannot destroy nor seriously impair the value of the patent right, under the guise of altering or repealing the existing remedies applicable to its enforcement, any more than it can so treat any other kind of property.

That is the law of the neighbouring republic, but that is a law which we have declined to follow. The granting of a patent is a grant of exclusive rights, or monopoly rights if you wish to use that term. But in England there has been throughout its patent legislation a procedure prescribed by law whereby abuses might be remedied. In the present state of the English law those abuses can be remedied either by the grant of compulsory licence to others to compete in the same market, or if the grant of such compulsory licence proves unavailing then the comptroller can act arbitrarily and forthwith repeal and revoke the patent and all rights under it.

We, therefore, have followed the English act, which is entirely consistent with our international obligations. Section 27 of the English act is incorporated verbatim in sections 65, 66, 67 and 68 of this bill. I think perhaps the hon. member for East Kootenay was misled somewhat by a note of explanation in connection with this bill. When I prepared section 64 I incorporated in it all the provisions of section 27 of the English act which are now represented by sections 65, 66, 67 and 68 of this bill. But the committee on banking and commerce of the Senate thought it advisable to divide the English section 27 into several sections for purposes of clarity, and therefore they divided the new section which I introduced in one long column into various sections which now stand as sections 65, 66, 67 and 68 of this bill. But the law clerk or other clerk of the Senate left opposite section 64 in this bill this statement:

> This replaces section 40 of the present act.

What was intended and what did replace or purport to replace section 40 as the bill was first prepared, was a new section incorporating not only section 64 but sections 65, 66, 67 and 68. When the Senate committee divided the lengthy provision into sections, unfortunately they left as a note on the opposite page a statement to the effect that section 64 replaced section 40 of the act, and for that reason the error has proved somewhat misleading.

To all who have studied these matters, I believe it must be obvious that the amendment suggested by the hon. member for East Kootenay is entirely misplaced and would destroy sections 65, 66, 67 and 68 of the bill which, I suggest, are completely sufficient and efficient for the protection of every conceivable interest, public or private, so far as the law of patents may be effective.

Subsection (1) of section 65 is very wide indeed, stating that:

> The Attorney General of Canada or any person interested may at any time after the expiration of three years from the date of the grant of a patent apply to the commissioner alleging in the case of that patent that there has been an abuse of the exclusive rights thereunder and asking for relief under this act.

I have already explained that the term of three years is the period prescribed by international convention. It is the express provision of The Hague convention of 1925. Any abuse of the exclusive rights of the patentee may be the subject of petition. Then follow clear definitions in subsection (2) of section 65. Without quoting the whole of the paragraphs I shall endeavour to give their substance.

Paragraph (a) applies when the patent "is not being worked within Canada on a commercial scale;" that is to say, as defined in section 2 of this bill, the manufacturer of the article shall have a definite or substantial establishment or organization and operate on a scale which is adequate and reasonable under the circumstances. Paragraph (c) of subsection (2), section 65, provides that it is an abuse of exclusive rights of the patentee "if the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms." Those are the words used in the English statute. This paragraph covers not only the abuse of withholding supplies of the patented article, but also that of charging prices for the patented

article, which are not reasonable, when manufactured and sold. Paragraph (d) provides that it is an abuse if the patentee refuses to grant to others in Canada licences upon reasonable terms for the manufacture and sale in Canada of the patented article. That is a cause of complaint in connection with radios and other patented inventions.

Paragraph (e) of the same subsection (2) provides that it is an abuse if any trade or industry in Canada, or any person or class of persons engaged therein, is unfairly prejudiced by the conditions attached by the patentee, either in respect of the "purchase, hire, licence, or use of the patented article, or the using or working of the patented process. Paragraph (f) provides that it is an abuse if it is shown that the existence of the patent unfairly prejudices the manufacture, use or sale of any materials used in the production of the patented process or article.

Section 66 provides that the commissioner, upon being satisfied that a case of abuse of the exclusive rights under a patent has been established may exercise certain powers. Under paragraph (a) the commissioner may grant to others licences to manufacture, sell, or use the patented article. In granting such licences to others the commissioner, among other things, "shall endeavour to secure the widest possible user of the invention in Canada consistent with the patentee deriving a reasonable advantage from his patent rights." Under paragraph (d) of section 66 we find that if the commissioner is satisfied that the granting of such licence to others to manufacture, sell and use the patented article fails to overcome the abuses complained of, then he may order the revocation of the patent, and thereupon the rights of the patentee are completely nullified and wiped out of existence. To this power to make an order for revocation of the patent only one condition is attached, namely, "that the commissioner shall make no order for revocation which is at variance with any treaty, convention, arrangement or engagement with any other country to which Canada is a party." The only condition that now applies is the fifth article of the Hague convention, namely, that the patent may not be revoked unless the grant of compulsory licences proves insufficient to prevent such abuses.

Section 67 of the bill, which is also held in abeyance, relates to the term of exclusive licence which the commissioner may grant, and section 68 provides that the commissioner shall consider the matters alleged in every application made respecting abuses, and shall serve notice of such application upon the patentee or his representatives. Section 69 provides that in certain cases the commissioner with the consent of the minister may refer the whole proceedings to the exchequer court for judicial decision.

The English procedure, which we have adopted in its entirety, paragraph for paragraph and word for word, has proved very efficient in meeting each such abuse as it arises. I am convinced that the English procedure constitutes the most complete, effective and equitable procedure for dealing with alleged abuses of the exclusive rights granted to a patentee, which has yet been developed in any country. Decisions of the comptroller, the English authority who is almost identical with our commissioner of patents, are published the same as court decisions, and, in construing certain sections of this act, they would be available for the guidance of a commissioner in this country. They would not be binding, and the commissioner would not be obliged to follow them. But as existing conditions are such that we cannot adopt the American patent law, which provides that the rights of patentees may not be amended or revoked for a term of sixteen years, we have followed the constitutional practice of the United Kingdom, after which our own constitutional practice has been developed, and have adopted that procedure which is known to be consistent and in conformity with the provisions of the Hague conference, to which both countries are parties. We have adopted those provisions and now propose to place them upon our statute books.

After these proposals had been heard during nineteen hearings of a Senate committee, at which all parts of the country and all interests were represented, it was agreed by those opposing and as well as by those advocating the introduction of these provisions that they were the most fair, equitable and effective provisions which had yet been suggested.

I wish to add with regard to the customs law that there is nothing in our customs law at present which prevents the importation of articles into this country which would infringe the rights of a Canadian patentee, but, when they have once passed the customs they may not be used or sold in Canada except under licence from the patentee. The revocation of the patent, which is such a complete and summary remedy as now provided, will of course permit of the importation into Canada of the patented article and its sale and use in Canada without any restrictions whatsoever.

The real point at issue, Mr. Chairman, between the suggestion made by the hon. mem-

ber for East Kootenay by his amendment, and the position of this government, I think is clearly understood. This government, after very careful consideration of the facts to which I have called attention, has decided that this patent legislation should be made to conform to the international obligations undertaken by our predecessors in office, and that in introducing this new legislation we will not adopt sections which will conflict with and in terms violate the international convention into which our predecessors entered. If in time another government comes into office that deems it advisable to give one year's notice and revoke the Hague convention or whatever other convention may be in force at that day, then parliament will be free to make changes in the patent law which are inconsistent with and in violation of a convention that has been revoked, but, at the present time, I insist that, until that convention is revoked, in providing new legislation and making amendments to existing legislation we are bound in honour to maintain intact the terms of the Hague convention.

Mr. STEVENS: Mr. Chairman, the other day when I introduced this subject I opened my remarks with the words, "I do not rise in any spirit of criticism of this bill, but there is a matter which I understand is not dealt with in the bill and I would like to lay before the government and the house one phase in connection with patents which I trust might be considered when this bill is in committee." I further stated in my remarks that I was not criticizing the bill, and that I was not criticizing the present government for its attitude in connection with this bill, and that I was not criticizing the preceding or any previous government in connection with the matter. I pointed out that the matter I wished to bring forward had apparently escaped the attention of those who were dealing with the revision of the Patent Act in the other house, and I trusted that my observations then might have been received in the spirit in which they were offered; that is, a suggestion for meeting a grievance which many people in this country feel exists in connection with the patent law.

The hon. gentleman who has just dealt with the matter (Mr. Cahan)—I think he will accept this statement—has treated the house to an extremely learned and involved legal argument. I am not presuming for a moment to be qualified to dispute his legal arguments at all. I frankly pay tribute to the hon. gentleman and his ability as a lawyer in arguing a matter of that kind. But I would like to say this to the committee, having listened to the hon. gentleman with care in his somewhat involved and constitutional argument, that in my opinion the whole matter is in fact comparatively simple, so simple, sir, that I think it comes even within the comprehension of a layman.

The hon. gentleman laboured very seriously the suggestion that the amendment is in complete violation of an international convention. He says that an international convention was entered into in 1925 and was ratified by this parliament on May 1, 1928. That is, the convention was entered into ten years ago, and it was ratified seven years ago. Now all I have asked or suggested is that a section, a portion, of the Patent Act which has been on our statutes during all that period and is still in the statute, and will be until this bill passes and repeals it, should be carried into the new statute. If what I suggest to-day is, in the words of the hon. gentleman, a complete violation of the international convention, then the patent law of Canada in so far as this section 40 is concerned has for seven years been in complete violation of a solemn international undertaking. So much for that.

Then the hon. gentleman laboured very earnestly to impress the committee with the seriousness of exercising the power of revocation, of revoking a patent. He read from American legal opinions and others to show that it was an exceedingly serious thing to revoke a patent. Well, I am not arguing for anything to be added to the statute that will revoke a patent. So, as far as that portion of his argument is concerned, I have no need to make any further reply.

But the hon. gentleman in another part of his argument says that revocation offers a complete remedy. In one part of his argument he warns us seriously and earnestly and properly against indulging in revocation; in another part of his argument he answers my very moderate suggestion by saying that it is not necessary because we have the power of revocation, which he himself asserts is a very serious thing and ought not to be invoked, and I agree with him that it ought not to be invoked except upon serious grounds.

The hon. gentleman then proceeds to argue that patents are in the nature of property. I quite agree with him in that; I am not disputing it, nor am I suggesting at any time in any of my remarks that there should be any infringement of the property rights of the patentee in his patent—none whatever. I am a firm believer in protecting particularly the inventor, but I am also a firm believer in

protecting the owner of the patent within reason. But I do say this, that the practice of selling out patents to large corporations which pigeonhole them and do not use them is something that should be examined into, and great care should be taken that this practice is not abused. But that is another question. I am at one with the hon. gentleman and with anyone who desires to protect the property rights of anyone in his patent.

Then my hon. friend referred to my references to certain cases by saying that certain individuals, Mr. Feldberg and a firm on the Pacific coast, had been examined before the Exchequer Court of Canada and convicted, as he says. The suggestion in the argument is that inasmuch as this firm, on the one hand, and this individual, on the other, had been convicted they were out of court. That is exactly the basis of my appeal to parliament at this time. They were convicted of what? They were convicted of bringing articles into Canada, paying a duty upon them to the extent of about forty per cent and offering them for sale when they had paid a royalty in the country of origin.

Mr. CAHAN: Is the hon. member confident that they paid the duty?

Mr. STEVENS: The hon. member rather cross questions me on that point but I would refer him to his colleague beside him who administers the customs laws. I have sufficient respect for him to assume that he is vigorously enforcing the laws and that the duty was paid. I would not like to reflect upon the customs department to the extent of saying anything to the contrary.

Mr. JACOBS: My hon. friend was once minister of customs; perhaps these came in during his period of office.

Mr. STEVENS: No; during that period the customs laws were very vigorously enforced. If my hon. friend was basing his argument upon that period I could answer him with more certainty.

The fact remains that this man imported these goods openly and offered them for sale and no one has challenged the payment of the duty. As a matter of fact I have in my hand a lengthy argument prepared by a prominent firm of lawyers dealing with this particular question. This argument was prepared for certain clients of this firm and bears out my contention. The only point which I have brought before this committee and for which I ask remedial measures is that the Patent Act should not be used to enhance unduly the price of articles to the public and be a sort of supertariff imposed upon the regular tariff laws. That is all I ask.

The hon. gentleman argues that inasmuch as the privy council has declared that it is not intra vires for parliament to pass laws fixing prices, as my proposal fixes prices in effect it is a challenge to the constitutionality of the law. The law has been there for ten years, it has contained the provision I am now proposing and that question has never been raised. I ask any impartial legal mind in the committee: When the British North America Act delegated specifically to the dominion parliament the right to legislate with regard to patents, has not this parliament the right under that power to pass laws which will effectively safeguard the interests of the public in connection with matters appertaining to patents? I am not very much impressed with the argument that the fixing of prices would be challenged in this respect.

There is another view of the matter which I submit to the committee. Subsection (c) of section 40 in the old act, which I have asked to be reinstated, does not mention the fixing of prices. On the contrary, it gives powers to the commissioner of patents to impose a penalty and has nothing to do with the fixing of the prices of articles in the ordinary sense of the term. Let me direct the attention of the committee to the proposal I am offering. The hon. member is correct when he says that sections 64, 65, 66 and 67 of the bill replace section 40 of the act. We do not dispute that at all. Before making my main argument on section 65 of the bill, I would direct the attention of the committee to the fact that the hon. gentleman in making his argument a moment ago quoted a number of subsections of this section but he omitted to quote subsection (b). This subsection reads:

> If the working of the invention within Canada on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by the patentee or persons claiming under him, or by persons directly or indirectly purchasing from him, or by other persons against whom the patentee is not taking or has not taken any proceedings for infringement:

That is declared to be an infringement of the exclusive right. I ask the committee to note that if anyone does import, it is an infringement of the right. The hon. gentleman did not argue that point and that is the gravamen of my whole argument. The cases to which I referred were the large electrical manufacturing and radio concerns. A very definite provision has been made to protect these large corporations against importations

and my submission is that having done that we ought to protect the public against exploitation by these people under the protection given by the act as well as the customs duties imposed upon the articles.

I come now to my main argument. I shall not read all of section 40 but it makes certain provisions and imposes certain duties upon the commissioner. Section 40 of the act is being repealed, to be replaced with section 65 of the bill. The operative portion of this section, which is stated to be sufficient protection for the public but which I contend is not sufficient, is as follows:

> The Attorney General of Canada or any person interested may at any time after the expiration of three years from the date of the grant of a patent apply to the commissioner alleging in the case of that patent that there has been an abuse of the exclusive rights thereunder and asking for relief under this act.

It will be noted that according to subsection (b) the exclusive right is abused by importations from abroad. Having gone that far nothing whatever is said as to what the commissioner shall do when he has heard a complaint. I drew attention to this fact the other day. I suggest that the following words should be added:

> The commissioner shall then consider the petition and if the parties do not come to an arrangement between themselves, shall proceed to hear and determine the matter, and if it is proved to his satisfaction that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or that the patentee has failed to adequately manufacture the patented invention in Canada, the patentee may be ordered by him to supply the patented article within reasonable limits at such price as may be fixed by him and in accordance with the custom of the trade to which the invention relates as to the payment and delivery, or to grant licences for the use of the patented invention as may be fixed by him, in either case within and after such time as may be fixed by him and on pain of forfeiture of the patent.

In other words, following the power of investigation, I merely ask that there shall be laid upon the commissioner the duty to consider the petition and, if the parties do not come to an arrangement, to determine the matter.

Mr. FACTOR: What about section 66 of the new act?

Mr. STEVENS: I submit it does not cover this case. I do not wish to go into a lengthy discussion of it but it will be noted that section 66 deals very largely with licences, exclusive compulsory licences, order for licence, revocation of patent, and so on. The only clause which might be suggested as covering the case is to my mind inadequate. and that is subsection (c) of section 65:

> If the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms;

It does not say anything about prices nor does it refer to importations nor cover in my opinion the case I have named. As regards terms, they may be the terms upon which they would allow someone to manufacture the patent; and so I submit that section 65 is incomplete inasmuch as it does not direct the commissioner to make a finding, having had a hearing; nor does it give him power to penalize—not to the extent of revocation, because that is of course his right under the general terms of the act. But it does not say to him that an electric light globe that may be bought in Holland or the United States—and we have cases definitely before us—paying a duty and royalty and selling for 26 cents, shall not be sold in Canada for 60 cents, as it is. In other words, by virtue of this arbitrary power exercised under the patent laws of Canada, a firm may mulct the people of this country to the extent of 125 per cent additional protective duty. That is the effect of it.

Now that is my proposal; that is the suggestion I make. There was another point in my mind which I wished to refer to but for the moment it has slipped my memory. But that is my main argument. The hon. gentleman says that the government does not wish to accept my amendment. I offered the amendment, I think, in the kindliest and most courteous spirit. I had not the faintest intention of embarrassing the government or interfering with the general tenor of the act. I think that on the whole it is an admirable act and one which will be an improvement on the statute as it stood before. But I did mention this matter to a member of the committee in the other house and it had not been brought up; it had not come to their attention.

Mr. CAHAN: The matter to which the hon. gentleman refers did come to the attention of the Senate and was discussed there.

Mr. STEVENS: I accept the word of my hon. senatorial friend who told me it had not. I am not disputing my hon. friend's view of the matter, but that is what I am told; and knowing that it had not been dealt with I sought to bring it to the attention of the committee here. I offered this amendment, not as something final, but, in the absence of

any other suggestion, as one which would meet what I regard as a grievance on the part of the people of this country.

Let me say that I at least know, and I think other members know, that a great many concerns who are manufacturing goods affected by patents in Canada find themselves subjected very frequently to an overbearing attitude on the part of those who control patents, as in the case of electric light bulbs and, I am told, in many of the additions to the radio. By the way, that abuse was very prevalent a few years ago though it was substantially corrected after investigation under the Combines Investigation Act. Though the act was not applied, there was an investigation, and the mere publicity given by that investigation induced those who were manufacturing radios to lower their prices substantially. No law or authority was invoked to compel them to do so, but the publicity forced their hand. Now all I suggest here is that this amendment would be a simple and reasonable way of meeting what many people consider a very serious grievance. If on the other hand the government feel that it is a gross violation of some sacred international undertaking, far be it from me to cause any international complications because of it. I am content to wait and allow the act to go through and be put into operation, and I am satisfied that when this house reassembles there will be an opportunity of dealing with this matter. I am confident of this, that in the interim the force of it, the fairness of my proposals, and the extent of the injustice which the people are suffering will be brought more vividly to the attention of the house than perhaps I have been able to bring the subject.

Mr. BENNETT: I propose to indicate to this committee that the grievance to which the hon. gentleman has directed attention is covered by the legislation now before the house, and not only covered but covered most adequately and most fully. The provisions that have been inserted in the statute are to meet the very cases to which attention has been drawn, and I trust the committee will pardon me if I direct attention to what the provisions of the sections were intended to meet. Section 65 contemplates that when a patent is granted in Canada operations under that patent shall be carried on in Canada. Now that was much discussed during the war. It will be recalled that Mr. Lloyd George made certain observations with respect to that before the convention met in 1925. If the committee will bear in mind that section 65 is placed in this statute to ensure that Canadian workmen will be employed in the manufacture of patented articles under patents granted by the Dominion of Canada, they will realize what the foundation of the remarks I have to make may be with respect to that section. If hon. gentlemen have before them the section they will observe that the language used by the hon. gentleman who has just taken his seat was 'infringement". The language is not infringement but abuse:

> The Attorney General of Canada or any person interested may at any time after the expiration of three years from the date of the grant of a patent apply to the commissioner, alleging in the case of that patent that there has been an abuse of the exclusive rights thereunder and asking for relief under this act.

Now what constitutes abuse? Abuse is defined by the statute itself—not infringement but abuse:

> (2) The exclusive rights under a patent shall be deemed to have been abused in any of the following circumstances:

That is, there has not been an infringement of it but an abuse. Now what are the factors that constitute abuse, if the commissioner is determining whether or not there has been an abuse? The next paragraph:

> (a) If the patented invention (being one capable of being worked within Canada) is not being worked within Canada on a commercial scale....

That constitutes an abuse—there is a proviso. Instead of (b) meaning what is suggested it means nearly the opposite:

> (b) If the working of the invention within Canada on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by the patentee or persons claiming under him....

That is, if there is not being produced in Canada the patented article as provided for by statute and goods are being imported instead of being made in Canada, that is an abuse—an entirely different thing; not an infringement but an abuse, the language being of course that this constitutes an abuse. In other words, an effort is being made to secure the production in Canada of the patented article, and if instead of its being produced in Canada it is being imported from abroad, then that constitutes an abuse of the patent. Could anything be clearer than that?

> —or persons claiming under him, or by persons directly or indirectly purchasing from him, or by other persons against whom the patentee is not taking or has not taken any proceedings for infringement.

Those are three things, as the committee will observe, without my going into them at any length, that constitute abuse, the purpose

of the section being to ensure within Canada that the patented article is produced in Canada. If, instead of being produced in Canada, it is being imported, that constitutes, except under the circumstances mentioned, not an infringement but an abuse of the patented rights.

(c) If the demand for the patented article in Canada, is not being met to an adequate extent and on reasonable terms.

That is not an infringement but an abuse of the patent. That means just what is said. When they introduced this clause in England, it was difficult to define what constitutes a reasonable term. Therefore those words, which are almost the words of the English law, are considered now in an endeavour to fix a given percentage of increase or a fixed rate of profit.

(d) If, by reason of the refusal of the patentee to grant a licence or licences upon reasonable terms—

That is, he has acted the dog in the manger and will not give a licence. That constitutes not an infringement, but an abuse having regard to the customs of trade.

(e) the trade or industry in Canada, or any person or class of persons engaged therein, is unfairly prejudiced by the conditions attached to the patentee—

That is, the patentee will not do the fair thing in affording an opportunity to Canadian industry to utilize the fruits of his mind, his inventive genius, that constitutes an abuse.

(f) If it is shown that the existence of the patent, being a patent for an invention relating to a process involving the use of materials not protected by the patent or for an invention relating to a substance produced by such a process, has been utilized by the patentee so as unfairly to prejudice in Canada the manufacture, use or sale of any such materials.

That goes a tremendous distance. That constitutes an abuse by the patentee of the exclusive rights conferred upon him. Then follows subsection 3:

It is declared with relation to every paragraph of the next foregoing subsection that, for the purpose of determining whether there has been any abuse of the exclusive rights under a patent, it shall be taken that patents, for new inventions are granted not only to encourage invention but to secure that new inventions shall so far as possible be worked on a commercial scale in Canada without undue delay.

That is all section 65 means and that has not been read to the committee. It is to ensure not only that the inventive genius of the individual shall be protected, but that so far as possible the invention is worked on a commercial scale in Canada without undue delay. That was before the Hague convention in 1925. This house finally in 1928 ratified the Hague convention, believing that three years constituted what could be called "not undue delay." Therefore it must be taken that a period of three years, which is agreed upon by all the nations as being the proper time for the purpose of determining what is undue delay, is settled by international agreement.

We have section 65 dealing with this phase of a patented article or property, which is taken to be necessary in new countries and for that matter necessary in old countries, namely, the production of the patented article by the country that grants the patent. All those sections about importation, reasonable terms, prices and licences have reference to one thing and one only, namely, the production of the patented article on a commercial scale in Canada without undue delay.

Then we go to what the remedies are for the abuses, and they follow in the succeeding sections. Section 66 states:

On being satisfied that a case of abuse of the exclusive rights under a patent has been established, the commissioner may exercise any of the following powers as he may deem expedient in the circumstances.

That is, the abuses being what I have indicated, the commissioner of patents, a judge, has conferred upon him the jurisdiction to deal with those abuses, not infringements. Let us see what he may do. The very purpose sought by the amendment suggested is provided for in this measure, only it is provided for in a series of steps which are to be taken to secure the end of the Patent Act itself. The first is compulsory licences; that is, the commissioner, when he finds these abuses and they are presented to him, may grant compulsory licences, willy-nilly on the part of the patentee, to persons who desire to carry on the manufacture of those goods in Canada to the end that the public may secure the benefits of the inventive genius of the patentee. I am not going into the details of that. Then we go to subsection (i) of paragraph (a):

He shall, on the one hand, endeavour to secure the widest possible user of the invention in Canada consistent with the patentee deriving a reasonable advantage from his patent rights.

(ii) He shall, on the other hand, endeavour to secure to the patentee the maximum advantage consistent with the invention being worked by the licensee at a reasonable profit in Canada.

That is the provision of the law.

(iii) He shall also endeavour to secure equality of advantage among the several licensees, and for this purpose may, on due cause being shown, reduce the royalties or other payments accruing to the patentee under any licence previously granted—

That is the English provision. Nothing could go further than that.

—Provided that, in considering the question of equality of advantage, the commissioner shall take into account any work done or outlay incurred by any previous licensee with a view to testing the commercial value of the invention or to securing the working thereof on a commercial scale in Canada.

That is paragraph (a). Could anything be clearer? It meets the very condition that has been suggested to the committee. Then we come to paragraph (b), and these are the steps:

(b) If the commissioner is satisfied that the invention is not being worked on a commercial scale within Canada, and is such that it cannot be so worked without the expenditure of capital for the raising of which it will be necessary to rely on the exclusive rights under the patent, he may—

Do so and so. That is to provide for a case in which it becomes very difficult to raise the necessary capital to enable the patentee to reap the fruits of his invention.

(c) If the commissioner is satisfied—

Will the committee please consider this carefully?

—that the exclusive rights have been abused in the circumstances specified in paragraph (f) of subsection 2 of the last foregoing section, he may order the grant of licences to the applicant and to such of his customers, and containing such terms, as the commissioner may think expedient.

Mr. FACTOR: Would that entitle the commissioner to fix the price of a patented article?

Mr. BENNETT: This is to avoid the very constitutional difficulty that is mentioned. It fixes the royalty and provides for a reasonable profit and price.

Mr. STEVENS: Limited to paragraph (f).

Mr. BENNETT: Then paragraph (d) states, and this is the gravamen of the whole thing:

If the commissioner is satisfied that the objects of this and the last foregoing sections cannot be attained by the exercise of any of the foregoing powers, he may order the patent to be revoked, either forthwith or after such reasonable interval as may be specified in the order, unless in the meantime such conditions as may be prescribed in the order with a view to attaining the objects of this and the last foregoing sections are fulfilled—

Which of course involves, so far as we may constitutionally exercise the power, the price.

—and the commissioner may, on reasonable cause shown in any case, by subsequent order extend the interval so specified:

[Mr. Bennett.]

Provided that the commissioner shall make no order for revocation which is at variance with any treaty, convention, arrangement, or engagement with any other country to which Canada is a party.

Is there any hon. member who can do less than that or more? There are the steps: first, the abuse; second, the complaint; third, the adjudication; fourth, the direction to do whatever may be necessary to remedy that abuse, and lastly, if there is failure to remedy the abuse in the manner indicated, then there is revocation. As the minister very properly pointed out, revocation is a very serious matter, one to which people do not have recourse except in the very last resort. This legislation, following the English act, provides that if there is a recalcitrant patentee, one who insists on continuing his abuse in utter disregard of the consuming public, he shall suffer the results of his action and have his patent revoked, not willy-nilly in the first instance, but if necessary he is given thirty days or sixty days or six months, with power to the commissioner to extend the time.

Then the commissioner has this power:

(e) If the commissioner is of opinion that the objects of this and the last foregoing sections will be best attained by making no order under the above provisions of this section, he may make an order refusing the application and dispose of any question as to costs thereon as he thinks just.

That, you will observe, is a complete code to deal with a recalcitrant person, to use the language of the English Act, or a domineering patentee, or an unthinking patentee or an undesirable patentee, one who has no sense of public duty and obligation. You have a code as complete as you can possibly get.

Then section 67:

1. In settling the terms of any such exclusive licence as is provided in paragraph (b) of the last preceding section, due regard shall be had to the risks undertaken by the licencee . . .

Without going into that, and the contents of the application, and the duty of the commissioners to adjudicate and matters of that sort, I say only this: it will be observed that under the terms of this statute there is a code provided to meet the very grievances to which attention has been directed. That code is the code which was adopted by Great Britain after the convention, and we have adopted it in terms, because we were bound by the convention not to insert in our statute any provisions which were at variance with the treaty we made. It is perfectly true, as the hon. gentleman pointed out, that there has been a period of six or seven years in which there has been complete and utter disregard

of the provisions of the convention. That is the very reason that the Patent Act is before the house at this last session of this parliament, because attention has been drawn to it on many occasions. No one would think of introducing a contentious matter like the Patent Act at this session if it could be avoided, but complaints became so numerous that we should put our house in order, having regard to the convention to which we became a party, approved by parliament in 1928, that the bill was introduced in this house after it had been carefully compared with the provisions of the British statute. And that very language of section 27 of the old act was at variance with the provisions of the Hague convention made in 1925 and approved by this house in 1928. This statute came before the house, and the minister asked that the order be discharged in order that it might be considered by the Senate. There nineteen hearings were had and the fullest opportunity given, for representations, and I very much regret that by any misunderstanding of the real purpose of these sections it should be thought that the grievances to which attention has been called have not been provided for. They are not only provided for; they are most amply provided for, in the very terms in which the mother of parliaments provided for them. They contemplate two things: first, that those who receive patents from the Dominion of Canada should commence the manufacture of the patented article in Canada, and failure to do so within three years constitutes an abuse and subjects them to the possible loss of their patent unless they make a good case for its defence. And the second principle is that the grievances—and there are more than one, the many grievances—provided for by the statute, that constitute not infringement but abuses, may cause successive steps to be taken by the commissioner, one, two and three, finally terminating in revocation of the patent itself, which is a drastic remedy, to be pursued only when every other fails; and it may only be exercised conditionally in the first instance by giving the party a "locus pœnitentiæ" in which he may redeem his position. That applies equally to those who may secure the patent from him as to the patentee himself.

Therefore I trust that the hon. member for East Kootenay (Mr. Stevens) will observe that the very grievances to which he directs attention have been amply taken care of by the bill before the committee. Section 65, which may easily mislead one not accustomed to the law—and patents are legal matters—has brought about a misunderstanding of the true effect and meaning. These provisions, replacing section 40, have been introduced into our statute from the English act for the purpose of giving effective control to the commissioner, and protecting the consumer to the maximum against every grievance, including excessive prices, to which attention has been called.

All I can say is that in the light of the facts mentioned by the hon. member the Attorney General of Canada will take early opportunity to bring to the attention of the commissioner these abuses of the patent law for the purpose of enabling the very machinery of this bill, if it passes, to become effective.

Mr. CHURCH: I wish to say a word about these clauses 64 and 65. I am not concerned in any private dispute between the hon. member for St. Lawrence-St. George (Mr. Cahan) and the hon. member for East Kootenay (Mr. Stevens), but I am interested in the hydro electric power movement in the province of Ontario, which is saving to the domestic and commercial consumers of power in that province $30,000,000 a year. I want to know if a monopoly, combine or trust exists and how it operates and affects the rates for power and appliances. The rates in Ontario compared with those in the United States are 1·57 cents per kilowatt hour as against 5·6 cents, and a total cost of $11,676,000 in Ontario as against $41,490,000 for the same power at American prices.

I am also interested in this matter as one of the supporters of the nearly seven hundred municipalities using the hydro in Ontario who desire power at cost and equipment at cost. I am interested to see that they shall be protected in this patent act from monopolies, trusts and combines. I well remember the debate nearly ten years ago on this act and the Gatineau power bill which I opposed. At that time I was urging a rebate to the hydro of customs duties in connection with the building of the Chippawa power plant, on account of patent monopolies held by German and American concerns. Do not forget that Ontario could not have kept its munition plants going during the war but for the cheap power. The Chippawa plant, which was to cost $65,000,000, cost over $100,000,000 because of high building costs during the war, and foreign patents and such combines. This Chippawa plant was built and generates 550,000 horsepower. American, German and other patents from all over the world have been forced on the people of Ontario who have had to pay for it all, as well as high rates for equipment and electrical appliances of all kinds in the pioneer days and even to-day.

I realize that the late government ratified this convention with the League of Nations,

and amendment may not be in order for that reason. But the question in connection with this Patent Act is whether the consumer and labour are protected. I was very much struck as hydro electric commissioner and chairman of the board of control of the city of Toronto years ago by the fact, as shown by the similarity of prices in the various tenders, that there was practically an electrical combine and monopoly in this country. It must be remembered that this electrical business includes not only light and power, but telephones and the operation of electric railways. In connection with the taking over of the Toronto street railway I found that a vast amount of money was added to the cost and simply thrown away because of these patents, with the result that the consumer and labour and the people who had to pay the power bills had to pay it all in the rates. There was an investigation into this matter in England, and it was revealed how these monopolies extended all over the world, and that they parcelled out and farmed out the territory.

Great improvement has been made by this government in this new patent law. I have pointed out on previous occasions that the United States patent law required an invention to be manufactured in the United States within three years after the date of the patent. The protection which I believe in as a Conservative is protection for all the people, not some of the people. I believe in protection for the consumer, for labour, for the people who use light and power in their houses. Sir James Whitney did not intend the cheap light and power for aristocrats but for all the people, the farmers and the small householders and the toilers in the industrial centres. For years these monopolies fought in Ontario to prevent the hydro from selling appliances and equipment to the public, and in the end failed. Thus their rates were brought down by hydro competition notwithstanding their patent monopoly. We must decide whether or not there is to be a monopoly. Of course we know that a monopoly has existed. I have dealt with these people, and I know that one has no recourse and must pay the price. I am not here to criticize the large electrical supply companies, such as the Canadian General Electric, Westinghouse and others, because I do know of late years they lowered their rates and brought about better working conditions. In that respect I should like to pay tribute to them, and I believe any person who has acted as a commissioner must compliment them upon the great amount of good they have done in Canada generally.

[Mr. Church.]

The question is however as to what by this Patent Act we can do towards protecting the consumer. Is Canada forever to be the happy hunting ground of the foreign patent capitalists, or in our transactions through the Patent Act with them are we to insert provisions for the protection of our consumers? As the Secretary of State has said, it may be true that the amendments proposed by the hon. member for East Kootenay are not in order on account of the convention made by the late government through the League of Nations. We must remember however that in the next five years the greatest problem in Canada will be that of constitutional and parliamentary reform. In England that is the greatest issue to-day.

A year ago our king spoke calm words over the radio. Those who heard him must have been impressed with them. We should be up to date, keep pace with the times, declare for parliamentary and constitutional reform and, as he said, bring into public affairs those qualities of unshakable sanity, invincible patience and tireless good will which His Majesty so fittingly commended. During the past ten or fifteen years I have been deeply interested in Canadian patent law, and while I must give the government credit for the commendable action it has taken in drafting the bill now before the house I regret that we are depending still on the league for a lot of action. I am reminded of what Burke said over a hundred years ago, "What shadows we are, and what shadows we pursue." As we sit here I have before me a copy of the English Review for May in which appears an article Letting in the Socialists. As a footnote I find this paragraph:

> The British Electric Grid system, which has been attributed to Mr. Samuel Insull's initiative, inflicts injustice on private enterprise. Furthermore, it is technically and economically unsound and strategically dangerous.

I would say that the new electric law in England advanced by the MacDonald government is a sample of sovietism, coercing consumer and producer alike. The consumer in England, whether in domestic or in commercial life, may buy from only one agency. Not only coercing importer and consumer, they coerce all concerned.

I do not believe we have gone far enough in this legislation. The investigations held by the price spreads commission have shown that which we knew ten years ago, namely what takes place in connection with patent laws when devices are farmed out and the consumer can buy from only one agency.

Consumer and labourer must be considered, and I know I represent many people who hold a similar view. I believe something ought to be done along the lines I have suggested, and we should proceed to prevent further abuses of the law so that the consumer may rely upon the protection afforded. Our hydro municipalities discussed these patent monopolies in electrical goods at their conventions many years ago, and we could do nothing because of this farming monopoly. Every time one tried to do anything he found himself up against it, because the territory was farmed out and made exclusive by virtue of patents. I believe the time is not far distant when we shall have adopted such parliamentary and constitutional principles as will make it unnecessary for us to go to the League of Nations in connection with matters concerning which at the present time we must consult them.

Mr. COOTE: In paragraph (c) of section 65 I find the expression "If the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms." Would the minister define the expression "reasonable terms." Does that provision give the commissioner any jurisdiction in respect of the price at which an article is sold?

Mr. CAHAN: It certainly gives the commissioner power to say that the patented article is not being supplied to an adequate extent or on reasonable terms either as to price, rental, conditions of use or on other grounds. The conditions which come within the expression "reasonable terms" are numerous. In England any alleged abuse brought to the notice of the comptroller is considered, and thereafter the comptroller must weigh the facts and decide whether or not they constitute an abuse. The statute states that in Canada it is an abuse if the demand for the patented article is not being made to an adequate extent and on reasonable terms.

Mr. COOTE: I am endeavouring to find out whether or not price comes under the definition of "reasonable terms."

Mr. CAHAN: It certainly does.

Mr. SANDERSON: Does the commissioner have control of royalties, or has he anything to do with them?

Mr. CAHAN: In granting exclusive licences as a remedy for abuses the commissioner may prescribe a reasonable royalty for the patentee. One section with which we have considered deals with that point.

Section 65 agreed to.

Sections 66 to 71 inclusive agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr Morand in the chair.

Natural Products Marketing Act, 1934 $545,500.

Mr. VENIOT: Mr. Chairman, just before the house rose at six o'clock last Friday evening, May 31, I had risen to make some remarks and it was then called six o'clock My intention at that time was to deal first with a statement that had been made by the Minister of Trade and Commerce (Mr. Hanson) about what is known as the British West Indies-Canada agreement. The Minister of Trade and Commerce had taken to task the member for Prince, in the province of Prince Edward Island (Mr. MacLean) for certain inaccuracies, as the minister styled them, in the hon. member's discussion of this matter at a meeting in Charlottetown. The Minister of Trade and Commerce made a statement with reference to the British West Indies-Canada agreement, and as one who was upbraiding another member for inaccuracies the minister himself I think should have paid more attention to the actual facts of the case. As far as he did go he was accurate, but had he gone a step farther and told the whole truth, presented all the facts, showed both sides of the medal, he would have been wholly accurate.

The statement of the Minister of Trade and Commerce was that in 1926 the then Liberal government had changed the duty in regard to sugar in order to make a treaty or agreement between the British West Indies and Canada, that since that day no increases in duties on sugar had taken place, and that therefore the member for Prince was in error when he stated that under the present government the duty on sugar entering Canada from Cuba had been raised to such an extent that Cuba retaliated and in consequence of that retaliation the maritime provinces have lost their best potato market. Technically speaking the Minister of Trade and Commerce was correct when he said that there was no increase in the duty on sugar, but he should have gone one step further and stated that in 1932 there was a change in the method of dealing with sugar importations from Cuba, and that that change was far worse in its

effects in keeping Cuban sugar out of Canada than a direct increase in duty would have been. That change consisted, not in directly increasing the rate of duty, but in giving the Minister of National Revenue the power to place an arbitrary value for duty purposes on all sugar entering Canada from countries outside of the agreement entered into between Canada and the British West Indies. The effect of that was to place an absolute prohibition on the importation of sugar from Cuba into Canada. Cuba in turn in that very year, as a reprisal no doubt against the action of Canada in fixing an arbitrary valuation for duty purposes on sugar, increased its duty on potatoes, and I think I am right in saying increased it especially against Canadian potatoes because Cuba in increasing the duty on potatoes gave a preference of twenty cents per hundred pounds to the American potato grower.

I know it will be pointed out that under the Cuba-United States treaty of years before Cuba was always supposed to give a preference to American potatoes as against imports from any other country, but I want the committee to understand that notwithstanding the fact that Cuba prior to 1932 had given a preference to Amercian potato growers, we in the maritime provinces had captured the Cuban potato market. But in 1932 Cuba, in retaliation against Canada's action, placed its duty on Canadian potatoes so high that our potatoes were almost entirely excluded from the Cuban market. I should like to place on Hansard some figures in connection with the export of Canadian potatoes to Cuba. In 1922 we exported to Cuba 1,507,620 bushels of potatoes. Our exports kept on increasing, notwithstanding the preference given to the American potato producer, until in 1930 we had reached the figure of 2,003,437 bushels. What do we find after the passing by the present government of an order in council fixing in respect of Cuban sugar, an arbitrary value for duty purposes? We find that year after year our exports of potatoes dwindled until in 1934 we exported only 359,290 bushels. Is any further proof needed to establish the contention made to-day in the maritimes that the order in council passed in 1932 has resulted in the loss of our Cuban market for potatoes? It may be said that this order in council was passed to protect our sugar refineries against the importations of refined Cuban sugar, but we must not lose sight of the fact that in attempting to give this protection we have ruined the market of an industry which gives greater employment than do all the sugar refineries combined.

[Mr. Veniot.]

The Minister of Trade and Commerce is a disciple of accuracy, and I was surprised when he made the statement that Canada did not import any refined sugar from Cuba. The Prime Minister (Mr. Bennett) has stated that this order in council was directed against the importation of refined Cuban sugar; why was it passed if we were not importing sugar? What are the facts? In 1930, Canada imported from Cuba 359,698 hundredweight of refined granulated sugar. In 1931 we imported 310,252 hundredweight. In 1932 the importations had dwindled to 125,995 hundredweight; in 1933 they had dropped down to 400 hundredweight and in 1934 the importations were nil. Since the Minister of Trade and Commerce is quite ready to take hon. members on this side to task for inaccuracy, he cannot object to an hon. member on this side pointing out to him that he should study the statistics of his own department in order to find out wherein he himself is inaccurate.

I should like to take advantage of this occasion to refer to the eastern marketing board for potatoes. The Minister of Agriculture (Mr. Weir) has told us on several occasions that this board was accepted ninety-six per cent by the farmers in eastern Canada and the maritimes who had attended the forty-eight meetings.

Mr. WEIR (Melfort): I should like to correct the hon. member; the ninety-six per cent acceptance to which I referred was the tree fruit board in British Columbia.

Mr. VENIOT: The minister told us that the farmers in the eastern section of Canada had accepted this board almost unanimously. While that statement is correct in many respects I should like to point out that this unanimity would not have been evidenced had not two statements been made. First, the farmers were told that the eastern board would consist of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island, and if any one of the five provinces dropped out the board would not be put into operation. They were also told—I referred to this on a former occasion—that under the new board the grading system in force in the maritimes for some years would not be changed. Neither of these promises was kept. Why has there been so much dissatisfaction on the part of the farmers who were practically unanimous in accepting this board when it was first proposed? First, the farmers claim that they were deceived in that Quebec did not come into the agreement, and Quebec was thus at liberty to sell its potatoes on the Quebec markets in any shape or form desired, without any grading and without any attention being

paid to prices. Quebec having been left out, the prices for maritimes potatoes were pegged on the Montreal and Toronto markets at such a figure as to make it almost impossible for New Brunswick and other parts of the maritime provinces to compete. The Quebec potato growers could enter the Montreal markets without grading; they could sell to commission merchants and deliver their potatoes when and how they pleased, while the potatoes entering this market from the maritimes were governed by certain regulations which almost shut them out of that market. The potato producers of Ontario were in a different position, because they had to sell, produce or transfer their potatoes to markets under certain regulations; but the price of maritime potatoes was pegged at sixty-five cents per bag on the track at Toronto, not including freight or feeds, as against forty-five cents per bag for Ontario potatoes. A comparison of these prices will show why the potato producers of the maritime provinces have felt aggrieved. It is no wonder that in April they started an agitation to have the pegging of prices discontinued. The board, when these complaints were laid before them, reduced the price. I believe they reduced it from 60 to 50 cents a bag on the rail at Toronto, and later on it was reduced from 50 to 47½, if I am not mistaken. That reduction at that date, according to our potato growers, came too late for them to take any advantage of the situation, and finally, I am informed, the pegging system was done away with altogether and—if I am misinformed in that respect I wish to be corrected by the minister—after a certain date, towards the end of April and even at this date, the price of potatoes is no longer pegged and the maritime potato growers are allowed to sell their potatoes as best they can. I maintain that the pegging of prices spelled ruin to our potato growers in New Brunswick, and I am not surprised that after an experience of a couple of months of this new system of marketing their product they do not feel as friendly towards the co-operative scheme of marketing as they did in the past. I regret that the occasion has arisen which has brought about dissatisfaction among our potato growers in New Brunswick. I should like to have seen the cooperative system work successfully, but when the bill was before the house I protested that "co-operative system" as defined therein would not operate satisfactorily. I especially referred on that occasion to its application to the fisheries of the maritimes, at the same time including farm products, and I regret very much that the failure of the system, from the month of February last up to the present time, has given a black eye to the principle even of voluntary cooperative work among the farmers of New Brunswick.

I do not wish to take up too much time, but there are certain further points which I wish to place before the minister in case another attempt is made to work out this system in a better way. I had already complained to the minister before the Easter recess. I had laid before him certain information that had been given to me and upon which I felt I could rely in connection with the operation of this marketing board. The minister undertook to look into the matter and let me have whatever information he could gather. I wish to thank him. He has given me that information, but still it does not meet the conditions as I see them and as others see them in the province from which I come. I have already referred to the condition that existed in the province of Quebec when they refused to come into the scheme, a practice which was detrimental to the pegging of prices so far as New Brunswick potatoes on the Montreal market were concerned. I understand that Quebec was later to come into the scheme, and the information that appeared in the press was that it did so some time about the middle of April. I do not know whether they are still in it or whether it has been completely abandoned so far as the eastern potato marketing board is concerned.

Let me point out to the minister in connection with the pegging of prices of maritime potatoes on the tracks at Toronto, that when I stated that the price was sixty cents my information was gleaned from a statement published by the gentleman who represents New Brunswick on the marketing board. It was published over his own signature in the New Brunswick papers early in February. As a matter of fact it was sixty-five cents for a ninety-pound bag, while Ontario potatoes were pegged at twenty cents a bag lower. But my information was that there was no pegged price for Ontario potatoes delivered by the grower to the Ontario dealer by motor truck. And here again arose a discrepancy. By this system of transportation he could even sell at a figure below the price on rail. Now this is claimed to exist or to have existed. I am not in a position to state that this is accurate. I should like the minister to enlighten me so as to dispel any misunderstanding that may exist in New Brunswick on that point. I wish to be fair in the matter. I am speaking only on behalf of those who have approached

me and given me what they thought was reliable information on which to base my statements. If what they say is wrong then I think I shall be doing them good, I shall be helping out the cooperative principle by exposing the matter in the house and having the minister correct the false impression that now prevails in New Brunswick. I understand that, under the system, somewhere about the tenth of July is the date fixed when those who have registered will be called upon to vote for or against this marketing board, and that is one reason why I bring the matter up now, so that if our people are labouring under a false impression it may be corrected, and when the question of voting comes up on July 10 those registered and entitled to vote will be in a position to do so intelligently and will not be misguided in the step which they will take.

Mr. MOORE (Ontario): May I ask the minister for the personnel of the board and their qualifications?

Mr. WEIR (Melfort): That is the dominion marketing board?

Mr MOORE (Ontario): Yes, and their qualifications and incidentally their salaries.

Mr. WEIR (Macdonald): Would the minister also include in that answer the positions they ordinarily hold?

Mr. WEIR (Melfort): The present chairman of the board is Mr. A. Leitch, at a salary of $10,000 a year. The other members of the board are: Doctor Booth, head of the branch of agricultural economics, Mr. Davidson from the Department of Trade and Commerce; Mr. Eaton from the Department of Finance, Mr. Gosselin from the Department of Agriculture, and the secretary, Doctor Hopper. All the officials with the exception of Mr. Leitch and Doctor Hopper receive only the salaries they get in their own work in the various departments. Doctor Hopper's salary from the board is $800; that is in addition to his regular salary as an employee in the branch of agricultural economics.

Mr. MOORE (Ontario): May I ask if the chairman devotes his whole time to the service of the board?

Mr. WEIR (Melfort): Yes.

Mr. MOORE (Ontario): Has the minister any knowledge that the chairman is interested in the marketing of tobacco?

Mr. WEIR (Melfort): Yes.

Mr. MOORE (Ontario): What is the nature of that occupation or undertaking?

[Mr. Veniot.]

Mr. WEIR (Melfort): My understanding is that he was in charge of the Mutual Tobacco Growers' Association in western Ontario, when we endeavoured to get his services at the head of the present dominion marketing board. We thought his services would be very valuable to us not only on account of the training he had before in agricultural economics, but also in a practical way because of his experience in the marketing of a commodity so extensive as that of the tobacco organization of which he was in charge. He was able to obtain release from his duties there, and to give his time as head of the dominion marketing board. We wanted some person with practical experience, with training in agricultural economics and one who had done some definite work along this particular line. He resigned as chairman of the tobacco board and took this position.

Mr. MOORE (Ontario): Is the mutual association really a cooperative undertaking of tobacco growers or is it a land holding syndicate?

Mr. WEIR (Melfort): It is an organized company, not a cooperative society.

Mr. MOORE (Ontario): It is a land holding syndicate. Is Mr. Leitch one of the owners of this syndicate?

Mr. WEIR (Melfort): I could not say.

Mr. MOORE (Ontario): One would think that would be a natural inquiry. Does the syndicate sell tobacco lands?

Mr. WEIR (Melfort): I could not give that information. I shall be glad to get it. There should be no difficulty in getting it.

Mr. MOORE (Ontario): May I ask if under the marketing act as it applies to Ontario, certain licences are issued to growers and what provision has been made for the issue of other licences to growers, we will say, who have not grown tobacco formerly?

Mr. WEIR (Melfort): The sellers of tobacco are licensed, but not the growers unless they are also sellers.

Mr. MOORE (Ontario): Do I understand the minister to say that a man may grow tobacco but may not sell it unless he has a licence?

Mr. WEIR (Melfort): My information is to the effect that the licence states that it is for the selling of a certain type of tobacco. What the hon. member has in mind no doubt is this, that of recent years there have been those who entered into the production of tobacco who did not previously produce it,

and because of what was felt to be overproduction some two or three years ago, an agreement was entered into that there would be a decrease in the quantity of tobacco produced. One of the new growers met me in my office some time ago and asked that this should be looked into. I gave instructions to have it looked into, but have not yet received the report. It may have come in, but I have not it here.

Mr. MOORE (Ontario): I am very much obliged to the minister for the information and for stating what I have in mind. Probably I could state more specifically what I have in mind. I understand from the minister that the chairman of the board is also the owner or part owner of one of the syndicates that grow tobacco that the people who grew tobacco previously now have licences and that the growing of tobacco has become a privilege, a monopoly if you like, and that one of the syndicate holders has been made chairman of the marketing board. Is that correct or incorrect? That is my understanding of the minister's statement.

Mr. WEIR (Melfort): Mr. Leitch is the chairman of the dominion marketing board. I have not the other information at hand with sufficient accuracy to answer, but I shall be glad to look into the matter and get the information.

Mr. STEWART (Edmonton): Does the minister state that there are individuals who are desirous of growing tobacco who are prohibited from doing so?

Mr. WEIR (Melfort): Not under this scheme.

Mr. MOORE (Ontario): From selling the tobacco they grow.

Mr. STEWART (Edmonton): It is the same thing. If they cannot sell it, what is the use of growing it? Have we come to the stage in agriculture in Ontario where a man is prohibited from engaging in producing anything out of which he thinks he can make some money?

Mr. WEIR (Melfort): No.

Mr. STEWART (Edmonton): Is he prohibited from selling it, then?

Mr. WEIR (Melfort): The selling of tobacco or the marketing of it is subject to regulation, but the growing is not.

Mr. STEWART (Edmonton): Does the minister mean to tell the committee that the marketing act is being used for the purpose of prohibiting a man from selling his production?

Mr. WEIR (Melfort): That is not what I said.

Mr. STEWART (Edmonton): It has the same effect.

Mr. WEIR (Melfort): Not at all.

Mr. STEWART (Edmonton): He may sell it in some other way rather than through the agency of the board.

Mr. WEIR (Melfort): He can sell it under the board, but I did not state that there was any provision to prevent his selling tobacco. The marketing of tobacco was regulated; it had to be sold in the regular way.

Mr. STEWART (Edmonton): A man can sell his tobacco only when the board gives him the right to do so.

Mr. WEIR (Melfort): All the tobacco could not be dumped on the market at one time.

Mr. STEWART (Edmonton): That is another way of putting the matter, but the producer of tobacco is prohibited from selling it until he gets the authority of the board to do so.

Mr. WEIR (Melfort): That is the essence of the scheme; it is the essence of all such schemes.

Mr. MOORE (Ontario): Has the minister any knowledge of the increase in prices of the lands held by the licensed growers including the lands held by the syndicate of which the chairman of the marketing board is a member?

Mr. WEIR (Melfort): No, I have not that information.

Mr. MOORE (Ontario): Will the minister make inquiries and give us that information?

Mr. WEIR (Melfort): Yes.

Mr. CAMPBELL: Can any farmer now grow tobacco under the board without a licence?

Mr. WEIR (Melfort): Any farmer can grow tobacco if he wishes to do so.

Mr. VENIOT: Can he sell it?

Mr. WEIR (Melfort): Yes.

Mr. CAMPBELL: What does the marketing board do?

Mr. WEIR (Melfort): The producers get together and agree that they will regulate the marketing of their product under certain conditions upon which they agree.

Mr. McINTOSH: Can they not coerce growers who are not under the board?

Mr. WEIR (Melfort): If they are in the area in which the scheme is in effect, in which the majority of the people have agreed to abide by certain regulations.

Mr. CAMPBELL: That is within an effective marketing area they use the policy coercion?

Mr. WEIR (Melfort): Within the area in which the scheme is in effect.

Mr. WEIR (Macdonald): This is quite a large item, and perhaps the minister would break it down and explain in a little more detail how it is to be expended. I had hoped that at the beginning the minister would be able to give a complete and comprehensive review of the workings of the act since it was brought into effect, but unfortunately last night we got off on some sidelines. Perhaps we could gather it from the various statements he made, but I would like him to indicate how this money has been spent and to make some comment on the failure of the poultry pool scheme to carry in the three western provinces. He might indicate also what provincial governments have enacted complementary legislation. I took it from the minister's remarks a little while ago that the majority of the dominion marketing board are members of his own department. How many of them are not members of his department?

Mr. WEIR (Melfort): Doctor Booth, Mr. Eaton, and also the secretary Doctor Hopper.

Mr. WEIR (Macdonald): Is not Doctor Booth a member of the minister's department? How many members of the marketing board are not members of the department?

Mr. WEIR (Melfort): There are five members in all. They are all members of the department as far as that goes because the marketing act is under the Department of Agriculture. But I think that what the hon. member means is, what members of the dominion marketing board do not occupy definite positions—

Mr. VENIOT: On the regular staff.

Mr. WEIR (Melfort): No, do not occupy positions that have been created within the service under the different divisions. Mr. Leitch the chairman, and Mr. Eaton, who is from the Department of Finance and Mr. Davidson of the bureau of statistics.

With reference to the breaking down of the amount for last year, this will be submitted in a report:

Expenses of the board:		
Transportation	$ 1,243 31	
Communications	526 46	
Miscellaneous	853 73	
Materials and supplies	2,303 83	
Salaries	3,464 52	
		$ 8,391 85
Prairie provinces poultry pool expenses:		
Postage	$ 14,580 19	
Stationery	2,164 74	
Travel and miscellaneous	2,836 13	
Salaries	2,157 29	
		$ 21,738 35
Organization of local boards, Manitoba, Saskatchewan, Alberta poultry marketing	50,000 00	
Eastern Canada potato marketing board	10,000 00	
British Columbia interior vegetable marketing board	3,000 00	
Fruit export board	3,000 00	
		$ 66,000 00
		$ 96,130 20

Mr. WEIR (Macdonald): How is that money expended by these various boards? Do you make them a grant, or is it expenses of coming here, or of taking a vote, or what?

Mr. WEIR (Melfort): It varies with the requests of the different boards. The purpose of the vote of this money was to assist in the organization of these schemes in various ways. Some money was advanced after the expenses were incurred, some advanced before the expenses were incurred, under certain conditions.

Mr. STEWART (Edmonton): May I ask if any of it was spent in a similar way to the $50,000 grant made to the western poultry pools, for purposes of propaganda to put the scheme over, payment of lecturers and so on?

Mr. WEIR (Melfort): That was not for purposes of propaganda to put the scheme over.

It was considered rather in this light, that some steps had to be taken to put the scheme before the people interested. At first consideration was given as to whether or not the dominion marketing board themselves should engage speakers to go through the provinces and put the scheme that was under consideration before the people. But it was felt that it was only fair that those who had put so much into the scheme in the way of preparing it, and who had held preliminary meetings, should be advanced money to pay for the use of halls and to pay their expenses in holding meetings to forward the scheme, with the distinct understanding that on all occasions every opportunity would be given to people who were opposed to the scheme to present their side of the case.

Mr. VENIOT: At their own expense?

Mr. WEIR (Melfort): Every advantage was taken of this by those who were opposed to the scheme. At the great majority of these meetings, if not all, questions were asked by people who were there and in many cases questions were submitted by an organized opposition to the scheme. It was our first experience in this connection, and because of the more or less experimental nature of it we feel that the thing was lived up to in a very fair way.

Mr. STEWART (Edmonton): I have been reading the return furnished by the minister to me in connection with the payments made to lecturers. Some ninety were engaged in Alberta, and a considerable number of them were just about as competent to talk about poultry pools as I am. I can imagine the kind of answer they would give when asked about the operation of a poultry pool. If these lecturers had known something about the poultry business perhaps they would have got along better. I am not going to prolong the discussion, but I would ask the minister if he intends to use any part of this money now being voted for a similar purpose. I do not care what he calls it; I call it propaganda. If it is to be used in the same way then I want to register an objection and vote against it. If it is to be used purely for marketing purposes and the assistance that the department can and should render in marketing natural products both abroad and at home, it is all right. But if it is to be expended as the grant to which I have referred was expended in western Canada, it will not meet with my approval.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Morand in the chair.

Natural Products Marketing Act, 1934, $545,500.

Mr. WEIR (Melfort): Mr. Chairman, when the committee rose at six o'clock some questions remained unanswered. At this time I shall endeavour to answer the hon. members for Gloucester (Mr. Veniot) and West Edmonton (Mr. Stewart). I realize that the hon. member for Gloucester has a keen interest in the matter, and is specially concerned with the eastern potato marketing board. As he stated at the conclusion of his remarks he is anxious to obtain the facts and is particularly anxious that the information be placed before the producers in advance of the vote to be taken in connection with the scheme on some date before July 10. The exact date has not yet been set.

The reason the scheme was put into effect without a vote was the abnormal conditions existing in connection with the marketing of potatoes grown in the maritimes and the province of Ontario, brought about by the fact that in the past year there was a very heavy potato crop. The year 1932 could be considered as a normal crop year; in 1933 the crop was rather short and in 1934 it was very heavy. No price of any value to the growers of potatoes could be obtained. Finding themselves confronted with this difficulty the growers got together and endeavoured by united effort to ascertain whether or not through the provisions of the marketing act they might overcome the objections of a few members—few certainly in comparison to the number who were willing voluntarily to agree —and arrive at some control of the quantities of potatoes being placed on the market. The result was that a number of meetings were held in the different provinces, and the views expressed at those meetings, in the opinion of the Dominion Marketing Board, represented a fair picture of the views held by the majority of producers. At eight meetings held in the province of Prince Edward Island, with a total attendance estimated at 1,000, only one member voiced opposition. In Nova Scotia, at six meetings with an attendance of 127, there were no voices opposed; in New Brunswick there were eighteen meetings which 386 attended, there being opposition at two meetings. In Ontario there were sixteen meet-

ings attended by 686 people, and seven persons were opposed. In Quebec 56 meetings with 1,690 signatures in favour. These figures indicate a total of 104 meetings attended by 3,889 people, and practically no opposition to the scheme.

Many people are under the impression that the marketing act sets out specifically what producers must do in connection with any scheme. That is not so, and I believe in the present instance we have a good example. The producers of eastern Canada found themselves up against very difficult conditions indeed, and without as much time as they should have had to bring into operation a scheme involving the wide territory and large number of individuals. They asked that we set up a provisional or temporary board to take action immediately. The only basis upon which we can estimate whether or not this procedure has worked out to the advantage of the producers is that of ascertaining the exact quantities of potatoes which were placed on the market before and after the scheme became effective. We would have to ascertain if there was any slowing up of volume being forwarded to market and the price the producers received. I realize that the potatoes sold on the Montreal market would not show a fair return to the producers. The board was composed of producers and shippers who cooperated to give their best thought towards helping the potato growers out of a difficult position. In making a conservative estimate I believe one would be fair if he were to take as a standard the price received on the Montreal market for potatoes marketed in the normal crop year of 1932. Mark you, in that year there was nothing like the crop gathered last year, but to be fair I am accepting that year as a standard. Records indicate that with a much more difficult position than existed in 1932 the New Brunswick potato growers received in the last year $30,400 more than in the year first named.

With the indulgence of the committee I believe I would do well to place on record figures showing comparative crops, because I realize hon. members wish to understand accurately the difficulties with which the farmers have been faced. For this purpose I shall give figures for the years 1932, 1933 and 1934.

Province—	1932	1933	1934
Prince Edward Island	3,188,000	3,760,000	4,824,000
Nova Scotia	2,122,000	1,866,000	2,453,000
New Brunswick	3,856,000	5,394,000	6,938,000
Quebec	11,475,000	13,444,000	14,244,000
Ontario	9,516,000	10,112,000	11,830,000

Mr. VENIOT: Those are production figures?

Mr. WEIR (Melfort): Yes. The hon. member will note that the crop in Prince Edward Island was increased by more than 25 per cent and that in New Brunswick it was almost doubled. Although in the working out of the scheme there were difficulties encountered, as were bound to be encountered in setting up in a hurry a scheme that was felt by the producers to be necessary, I do not know but what the potato producers of eastern Canada received more for their potato crop in 1934 than they would have received had they not formed this eastern Canada potato marketing scheme.

Mr. VENIOT: Is the minister referring to the dealers or producers?

Mr. WEIR (Melfort): To the producers.

Mr. VENIOT: What figure did they receive?

Mr. WEIR (Melfort): I have not with me a record of what the producers did receive, but be that as it may, this is a scheme produced and carried out by the producers themselves together with the shippers and dealers that was felt by these men who were in the best position to judge, to be in their own interests. I can assure the hon. member for Gloucester that before the vote is taken every effort possible will be made to put the picture of this whole scheme and its results as clearly as possible before the producers.

Mr. VENIOT: Would the minister permit a suggestion?

Mr. WEIR (Melfort): I was going to follow that up, Mr. Chairman, by saying that if the hon. member for Gloucester has any suggestions to make in this connection because of his close touch with the situation we would appreciate it if he would make those suggestions known to us. I can assure him that they will certainly be given every consideration, because our whole endeavour is to put the picture as clearly as possible before the producers.

With reference to the point raised that truckers were able to sell under the pegged

price I have no doubt that in many cases that was so, due to the difficulty in controlling the truckers delivering their potatoes.

There has been no change in the system of grading the potatoes. For a number of years grading of potatoes has been required for interprovincial trade, but not for trade within the province. That practice was continued this year, but with the setting up of this marketing scheme the potato growers themselves felt that it would be to their advantage under the scheme to carry out a grading system within the provinces. Before Quebec entered the scheme the farmers in that province were free to sell their potatoes in their own province without enforcing the grading regulations.

With reference to the questions which the hon. member for Ontario (Mr. Moore) has asked about the tobacco marketing scheme and the conditions under which tobacco is marketed, I have made inquiries since the house rose at six o'clock from the chairman of the dominion marketing board, who himself is engaged in the business of raising tobacco, and he informs me as president and chairman of two tobacco associations in the district—

Mr. MOORE (Ontario): Would the minister be kind enough to give the names of the two associations?

Mr. WEIR (Melfort): I shall be glad to get them; I do not remember them offhand. I am informed by him that the buyers of tobacco are licensed. The sellers are also licensed, but in the first year of operation of this scheme of local marketing under the tobacco board a blanket licence was issued to all farmers producing tobacco, and that gave permission to each farmer to sell all his tobacco. There is no limiting feature so far as this scheme is concerned as to the amount of tobacco produced by any tobacco producer in the province of Ontario, either within this area or outside the area.

Mr. MOORE (Ontario): Am I to understand that licences were issued to all growers at the time and to no one else?

Mr. WEIR (Melfort): My information is this, that individual licences to individual growers were not issued as such, but that through the press and otherwise a blanket licence was issued to every producer giving him authority to sell all the tobacco that he produced. That was the 1934 crop.

Mr. MOORE (Ontario): What is the acreage that was licensed, and what was the acreage contained in the two syndicates in which the chairman is interested?

Mr. WEIR (Melfort): I have not that information. I am informed that within the area there are one thousand producers. But the point the hon. member is asking about has no bearing on the question, because every farmer who produced tobacco received a licence to sell all the tobacco that he produced.

Mr. MOORE (Ontario): I am afraid that the minister has misunderstood my question. He says that there are one thousand producers. How many of those producers were working for or under the two associations in which the chairman is interested? I will put it in another way. The minister says that there are one thousand producers. Does he mean that there were 998 in addition to the two associations in which the chairman was interested, or is the chairman interested in a number of lands on which there are a number of producers?

Mr. WEIR (Melfort): The information that I received from the chairman is this, that he is president and chairman of two companies—

Mr. MOORE (Ontario): Controlling how many producers?

Mr. WEIR (Melfort): I do not know how many producers. When I gave the number of producers as one thousand I did not intend to give the impression that that was the exact number but rather that the number was in that neighbourhood. I was trusting my memory on that point, but I can get the exact number of producers within the area.

Mr. MOORE (Ontario): Am I to understand that the minister will give me the information required as to the acreage of the two associations in which the chairman is interested as compared with the total acreage?

Mr. WEIR (Melfort): I see no objection to giving that.

Mr. MOORE (Ontario): And the number of producers represented by the two associations as compared with the total number of producers?

Mr. WEIR (Melfort): Yes.

Mr. MOORE (Ontario): It seems to me that the matter is exceedingly important. The minister and every member of this house will recognize that a precedent has been created when a gentleman engaged in an industry has a privilege as part of a monopoly and then is made chairman of the board controlling those privileges. It seems to me that the thing is entirely without precedent.

I should be very much surprised if the minister could point to a parallel in any other country.

Mr. WEIR (Melfort): I do not see that my hon. friend's statement has any bearing on the question. The chairman of the board is a tobacco producer, just as the members of the tree fruit board in British Columbia are also producers of the commodity which is regulated. We were pleased indeed to get the services of Mr. Leitch because of the experience he had had in a practical way in the marketing of this product, and I believe the results to the farmers themselves in the marketing of their tobacco have been eminently satisfactory. They are all on exactly the same basis, the smallest producer on the same basis as the largest producer.

Mr. MOORE (Ontario): I am quite sure that the minister has not understood what I have been trying to say, because very obviously from the statement he made this afternoon the chairman of the board is a holder in two syndicates that have certain privileges under the marketing act, privileges which are not enjoyed by people holding lands suitable for growing tobacco but which have not hitherto been devoted to that purpose. The chairman is a holder and owner of a portion of that property, and he has been made by the minister chairman of the marketing board for Canada. I do not want to press the matter. I have nothing against the chairman; I do not know him, but it seems to me this is a terrible condition. I asked this afternoon for the qualifications of the other members of the board, particularly their experience in marketing.

Mr. WEIR (Melfort): I do not see what bearing the holdings of the chairman of the board would have upon the question unless he was receiving preferences.

Mr. MOORE (Ontario): He has the giving of preferences.

Mr. WEIR (Melfort): Not at all.

Mr. MOORE (Ontario): The supervision of the giving of preferences.

Mr. WEIR (Melfort): The local board is responsible for and has the control of the regulating of the marketing of tobacco in exactly the same way as any other local board set up.

Mr. BROWN: I have a simple question to ask and I want an answer in simple language. Is it possible under this tobacco arrangement which has been set up in the tobacco growing country for a man who has not been hitherto a grower of tobacco to grow and sell tobacco?

[Mr. W. H. Moore.]

Mr. WEIR (Melfort): Yes.

Mr. BROWN: Could he sell it apart from the board?

Mr. WEIR (Melfort): Not within the area.

Mr. BROWN: If a man cannot do that it condemns the whole scheme.

Mr. WEIR (Melfort): Does the hon. member know how this tobacco is marketed?

Mr. BROWN: That is what I want the minister to tell me.

Mr. WEIR (Melfort): I do not see how the hon. member can condemn a scheme unless he knows how it operates.

Mr. BROWN: Is it possible for a man who was not hitherto growing tobacco to grow and sell tobacco within that area?

Mr. WEIR (Melfort): I think I can clear up the hon. member's difficulty. In the marketing of the crop in 1934 a number of producers, a number of shippers and a number of buyers were on the board. The buyers set up an appraisal committee which went around the district to appraise the crop of each producer. The producers also set up a committee which also appraised the crops. The men representing the producers and the men representing the buyers met with this information in front of them and after discussion and bargaining it was agreed that a certain average price should be paid for all the tobacco. Every producer, whether he had or had not previously produced, could sell his tobacco to any buyer and any buyer could purchase from any individual as cheaply as he could, but it was understood that the whole crop was to bring in a certain amount of money. For instance, buyer A might buy tobacco from a number of farmers at different prices and find that the total price paid was $100,000 less than the appraised value. In such a case that $100,000 would be divided on a poundage basis among the farmers who had sold their tobacco to that buyer and this might work out at ten per cent for each farmer. Farmer A might have sold his tobacco at 23 cents per pound while farmer B had received 30 cents per pound; they each would receive an additional ten per cent. The result was that instead of large quantities of tobacco being left and the market being in a chaotic state, ninety per cent of the crop was disposed of within three weeks of the time this arrangement had been made and for prices considerably higher that those received last year. Each man was permitted to sell his own tobacco but all the producers were protected by the collective bargaining power which they had.

Mr. BROWN: The minister has used a lot of words but he has not answered my question. I want to know if it would be possible for a man who had not been hitherto growing tobacco in that area to go into the area, buy a farm, produce tobacco and sell it. That is a simple question and it does not require a lot of words to answer.

Mr. WEIR (Melfort): I think we can consider from whom these remarks have come. The hon. member asked the question and I answered it with a straight "yes". I repeat the answer, yes. The hon. member evidently was not satisfied with that; he wanted to learn how these people marketed their tobacco. I endeavoured to the best of my ability to give him that information.

Mr. YOUNG: The minister has said that he gave a straight "yes" as an answer but I think he also said, "not in that area." I should like him to explain that.

Mr. WEIR: (Melfort): If a man comes into the area in which this scheme is operating he must conform to the scheme as agreed to by the majority of the producers.

Mr. MOORE (Ontario): Must a man who owns land in the area and has not hitherto been producing tobacco comply with the scheme?

Mr. WEIR (Melfort): I would say, yes.

Mr. MOORE (Ontario): He could not sell without the permission of the board?

Mr. WEIR (Melfort): Without the permission of the board, yes.

Mr. MOORE (Ontario): If this thing was decided by a vote, how was the vote taken? Was it a secret ballot, was it an open convention or what was it?

Mr. WEIR (Melfort): Meetings were held and there was a personal sign-up afterwards. The report received by the dominion marketing board was that the scheme had been endorsed by seventy-one per cent of the growers, representing approximately eighty per cent of the land devoted to the production of tobacco, and by the majority of the responsible manufacturers and packers of flue cured tobacco.

Mr. MOORE (Ontario): Has the minister taken the trouble to find out how many growers were renting land from the syndicate represented by the chairman of the board and what proportion of the growers were independent owners? I should like to know also how many syndicates there are similar to the one in which the chairman is interested and what proportion of the total acreage is controlled by the syndicate.

Mr. WEIR (Melfort): The information I have, which I should like to verify, is that only owners voted.

Mr. MOORE (Ontario): My information is that more than fifty per cent of the land in this area is controlled by the several syndicates.

Mr. YOUNG: A moment ago the minister referred to blanket licences having been published in the newspapers to give the growers of tobacco the licence to sell their product that year. This is a new form of licence; can the minister furnish us with a copy of it?

Mr. WEIR (Melfort): I shall be glad to do that.

Mr. YOUNG: Has the minister a copy with him to-night?

Mr. WEIR (Melfort): No.

Mr. DUFF: Apparently the minister has taken credit to himself and to the marketing board for having solved the potato problem. Speaking biblically, may I say that "I have not found so great a faith, not even in Israel," as the minister's.

Mr. WEIR (Melfort): Would the hon. member have any objection to my correcting that statement?

Mr. DUFF: Wait until I am through; don't get excited.

Mr. WEIR (Melfort): I supposed the hon. member would want to be correct as he went ahead.

Mr. DUFF: You can correct me if you can after I have finished, not while I am making my remarks.

Mr. MACKENZIE (Vancouver): You are correcting him.

Mr. DUFF: Yes, at the moment. If I understood him correctly, the minister took the credit for having solved the potato situation in the maritime provinces. Will the minister tell me why the former chairman of the marketing board resigned? Can the minister say to me as a humble citizen of Canada who buys and sells potatoes that the scheme evolved by the marketing board or by the minister or by anybody else as far as the potatoes are concerned was successful in Nova Scotia, or even successful in New Brunswick or Prince Edward Island? It is all camouflage; this thing is all a mistake and the sooner the minister wakes up to that fact the better. Because the government interfered with the ordinary marketing of potatoes last fall, potatoes were sold in Prince Edward Island at 8 cents a bushel.

As a shipper of potatoes to the West Indies, I bought them at 25 cents a bag, or a bushel and a half of potatoes packed in the bag by the farmer after he had garnered them. Placed on the cars, they were sold at 25 cents a bag, and this was the result of action by the Minister of Agriculture and the government in establishing this foolish and stupid marketing board.

An hon. MEMBER: What is the bag worth?

Mr. DUFF: About 7 cents, and the man's labour about 10 cents, and the farmer got 8 cents.

An hon. MEMBER: That is 8 cents more than they got in Ontario.

Mr. DUFF: So much the worse for Ontario. When I came in at five past eight the minister was boasting about what a great thing the marketing board had proved to be. Let me tell you how stupid this whole marketing situation has turned out to be so far as potatoes are concerned. The former chairman of the marketing board, Doctor Barton, had sense enough to resign; he would not stand for it and he got out. What happened? When the marketing board or the minister or someone else discovered that the poor farmer in Prince Edward Island was receiving only 8 cents per bushel they started to create an organization as a camouflage to fool the public among the buyers of potatoes, and they said, "You must sell potatoes at a certain price and not lower," and they fixed the price in Halifax, for instance—that is the place I am interested in—at 58 cents a bag, and they appointed a man there to walk around every morning, calling on wholesale potato dealers and instructing them not to sell the potatoes unless they got 58 cents a bag. The result was they could not sell very many. Time went on, spring came and the potatoes began to sprout, and those who were dealing in potatoes said, "Here, we have five or ten or fifteen thousand bags of potatoes and because of this act we cannot get clear of them. We are willing to lose money on them so as to clean up the whole thing." But this man —if I remember rightly his name was Grant—walked around every morning, drawing his five or ten dollars a day, and insisting upon it that the dealers should get 58 cents a bag or let the potatoes sprout. But that was not good enough. One day my partner sold fifteen hundred bags of these potatoes in different islands of the West Indies. He did not sell them f.o.b. Halifax because the West Indies would not buy them that way; they wanted them c.i.f. West Indies. We got all the papers ready, invoices and everything else, and instead of 58 cents we sold them at 98 cents; and this official of my hon. friend went around to the offices of the different shippers and demanded to see their invoices, which of course showed 98 cents and not 58 cents. This man then told them they could not ship their potatoes at the 98 cent price, but the shippers informed him that the potatoes had already been shipped. They said, "The potatoes have gone; these are only the invoices; the potatoes left by the Lady Nelson, which sailed this morning at twelve o'clock when you were in bed drawing your five or ten dollars per day from the board." He said they must change their invoices or he would get into trouble if they shipped the potatoes at 98 instead of 58 cents. The shippers told him that the potatoes were sold c.i.f. Trinidad or Barbados or Santiago or Cuba or whatever it was. He said, "I don't know about that; I got instructions that it must be 58 cents a bag." Whether they communicated with the minister I do not know—I am not sure whether the minister knows what c.i.f. or f.o.b. means. At any rate the whole thing is a tragedy. Imagine the minister sending this man around in this way to men who have been in business forty years. The farmers of Prince Edward Island and the farmers of Carleton county, New Brunswick, would have sold twice as many potatoes as they did if the minister and the Tory government and the board had not interfered. The fact is, however, that owing to this organization which the minister created to save his face and the face of the government, there are millions of bushels of potatoes in the cellars of the farmers of Prince Edward Island and Carleton county, New Brunswick, though they might have been able to sell those potatoes long ago. You remember what Barnum said—you can fool the people some of the time—and the joke is that the potato growers fooled the minister, because those who had potatoes to sell, realizing that they had to get clear of them in spite of the pegged price which the minister and his board fixed, got ahead of him.

An hon. MEMBER: Did they bootleg them?

Mr. DUFF: Yes, exactly. After all, the people who grew the potatoes should have had the first chance to sell them and should have been allowed to sell them at their own price even if they lost money, and as a matter of fact they were too cute for the minister and the board—I will not tell the minister how; he does not know and I will not tell him. But let me assure him that hundreds of thousand of bushels were sold in spite of the

58 cent pegged price, and I do not blame the farmers and the dealers. Had the minister kept his hands off it and attended to his business in the Confederation building; had he allowed the business people of the country to run their own business, whether in potatoes or anything else; had he looked after the ordinary affairs of his department, this country would have got clear of hundreds of thousands of bushels of potatoes which, owing to the ridiculous stupidity of the act, the farmers of Prince Edward Island, Nova Scotia and New Brunswick have been unable to dispose of—potatoes that are now sprouting and cannot even be fed to the pigs because in a few weeks they will be rotten.

Mr. WEIR (Melfort): In the first place I did not take credit for having solved the problem in the maritimes. I only wish that some solution were possible for the difficulties in which the potato producers have found themselves. Nor did I peg the price, nor did I pay any official to go around checking up whether potatoes were sold or not, nor did—

An hon. MEMBER: Who did, then?

Mr. WEIR (Melfort): One at a time, please; nor did the former chairman of the dominion marketing board, Doctor Barton, resign for any of the reasons which the hon. member has stated.

Mr. DUFF: Why did he resign?

Mr. WEIR (Melfort): I think that covers practically all the statements the hon. member has made, all of which are incorrect.

Mr. DUFF: I rise to a point of order. The minister says that my statements were incorrect. I said that Doctor Barton had resigned. That is a fact, is it not? That statement is not incorrect.

Mr. WEIR (Melfort): Not the reason the hon. member gave for his resignation.

Mr. DUFF: I said that the chairman of the marketing board resigned because he did not agree with the policies of the minister, and that is correct.

Mr. WEIR (Melfort): No, it is not.

Mr. DUFF: Will the minister tell us why he did resign?

Mr. FRASER (Northumberland): He got a better job.

Mr. WEIR (Melfort): Neither of the hon. members knows very much about the matter. Doctor Barton, the former chairman of the dominion marketing board, was and still is Deputy Minister of Agriculture. Because of the work that he had done in plotting out this legislation, we asked him, in addition to his duties as deputy minister, for a period to be chairman of the marketing board. That was strictly understood at the time he accepted the position, because it was felt that it was too heavy a load to be chairman of the marketing board and Deputy Minister of Agriculture for any considerable length of time. What the hon. member is criticizing is this: It is not the interference of me or of anyone else with the operation of the potato growers of Nova Scotia or Prince Edward Island. The board that did everything that was supposed to have been done, although the hon. member feels it was not done altogether as they had hoped, was a board named by the potato growers themselves and the shippers independently of any suggestion or guidance on the part of the dominion marketing board, the idea being that they themselves on the ground were in the best position—and this is the basis of the marketing act—to decide the most efficient way of marketing their potatoes, especially under the abnormal conditions such as existed. Therefore all the criticism that has been levelled at me has really been levelled at the fellow citizens of the hon. member for Antigonish-Guysborough as well as other maritimers who were responsible for formulating this scheme, naming their board and endeavouring to carry out, in what they thought was the best possible way, the regulating of the marketing of their products.

I do not think there is any other question I have omitted. I made a note of the points raised by the hon. member as he proceeded with his remarks. The whole basis is this: it gives to the producers themselves power to handle their own products in the way of regulating the marketing of them, and the men who put the scheme into force were men appointed by the producers themselves, their own local marketing board.

Mr. DUFF: I admit with the minister that the people of Nova Scotia, Prince Edward Island and New Brunswick had great hopes that when this marketing board legislation was put through, there would be a new heaven and a new earth. They were desperate on account of the policies of this government, due to the fact that the Minister of Agriculture in 1930 promised the farmers of Canada seventy cents a pound for butter.

Mr. WEIR (Melfort): I must object very strenuously to that statement. The hon.

member is not stating the fact, because what he is saying is that I as an individual promised the farmers.

Mr. DUFF: I did not say "as an individual."

Mr. WEIR (Melfort): The hon. member said: "The Minister of Agriculture."

Mr. DUFF: The Minister of Agriculture as the representative of the Conservative party and the Conservative candidates in 1930. He took the position of Minister of Agriculture after this government was elected on a butter policy of seventy cents a pound, and he is still holding that position. I say that the minister and his friends in 1930 promised the farmers of this country seventy cents a pound for butter.

Mr. WEIR (Melfort): I must object to that statement. The hon. member makes a specific charge that I promised the farmers seventy cents a pound for butter. I was not a minister at that time, and as an individual I never promised the farmers any price for any commodity.

Mr. VALLANCE: Yes, the hon. member was the only one who did it.

Mr. DUFF: I am not speaking of the minister as an individual; I am referring to him as Minister of Agriculture, as the one who benefited by the fact that the Conservative party was elected because the Prime Minister and practically every other stump speaker for that party went on the platform and said to the farmers: Under the Grit government you are getting only thirty-five cents a pound for butter; if we are elected, you will get seventy cents. The minister has benefited by that; he came into office in that way as a new man; he never sat in parliament before. Surely he should stand by his friends. They put him where he is; they gave him his exalted position as privy councillor and Minister of Agriculture. Why should he pass the buck and because I am criticizing him as representing this Tory government, now go back on all his friends who put him in his present position? That is the situation the minister is in; does he not see it?

The Minister of Agriculture tries to say that the government is not responsible for the marketing act. There is no question that when the government introduced this marketing act, they did it for a political purpose; they did it to fool the people, just as they did in 1930. They promised them something which they knew they could not fulfil, and as luck had it, instead of going to the country last year when the marketing act was new and when the Minister of Agriculture might have got away with it, the fact is that due to conditions the government did not go to the country with the result that, whether it is potatoes or hogs or beef or anything else, the Minister of Agriculture is in the slough of despond.

An hon. MEMBER: The valley of humiliation.

Mr. DUFF: Yes. The Tory government is now in the valley of humiliation. We had an exhibition this afternoon of the Tory government and the valley of humiliation. We had the same story as we had in 1894—the nest of traitors. We have in the Tory government to-day a situation where ministers of the crown do not stand by their leader, sick as he is and with his heart trouble.

Mr. BEAUBIEN: Put that in your pipe and smoke it.

Mr. DUFF: Yes; my hon. friends opposite should not talk about the valley of humiliation. History has a way of repeating itself, and I have never seen it fail to do so. Everybody should be careful of the remarks he makes because to-morrow they will come back and hit him on the rebound. The hon. member must realize that to-day the Tory party is in the valley of humiliation, in the valley of treason. They are scared to go to the country; they are afraid to submit to the electorate the Minister of Agriculture's hog policy; they are afraid to submit his marketing board. Why? Because they know that his marketing board has been a mistake and a stupid one at that. They realize that the Canadian people will not stand for any interference with business.

Mr. ROSS: The former Minister of Agriculture (Mr. Motherwell) agreed to the idea of the marketing board.

Mr. DUFF: That does not make it right any more than in the case of the hon. member for Kingston when he disagreed with his own party about the penitentiaries. I admire my hon. friend for being independent just as I admire the hon. member for Melville (Mr. Motherwell); but the fact remains that the government introduced this marketing board legislation to fool the people and the Minister of Agriculture has to be the goat because the government, to fool the people, introduced a bill that interferes with the right of the public to market their products in their own way and at their own prices. The minister knows this scheme is a failure; he knows the potato board is a mistake; that the apple board was a mistake; that every board was a mistake. Even in his own province the hens wouldn't

lay eggs for him. In order to get the hens to lay eggs in the proper way the minister spent $50,000—of whose money? Not his money, oh, no.

Mr. MACKENZIE (Vancouver): The taxpayers' money.

Mr. DUFF: Yes, the taxpayers' money. I say to the minister, what right had he to spend $50,000 of the taxpayers' money in order to get this poultry board established? Why did he not allow the people of Saskatchewan, Manitoba and Alberta to decide for themselves? But no; the minister, trying to support this moribund government which has been hanging on by its eyelids in the last five years, deliberately and I believe without proper authority spent $50,000 of the people's money in order to influence the poultry producers of the three provinces to give a verdict in favour of his own marketing bill, or that of the government. And what happened? The minister's own constituents turned him down, every constituency in Alberta, Saskatchewan and Manitoba turned him down, and the only result we have is that the hens are still laying eggs and the minister is still sitting on the roost of the marketing act.

Mr. WEIR (Melfort): The best test or proof as to whether the marketing act is accepted as sound legislation is the attitude of the producers themselves. Not only are we receiving more and more applications from representative bodies of producers to have made available for them the provisions of the marketing act for the more efficient marketing of their products—

Mr. FRASER (Northumberland): Will the minister permit a question?

Mr. DURANLEAU: Let the minister answer.

Mr. WEIR (Melfort): —but applications have been made by the local boards where schemes have been set up to extend further the scope of these marketing schemes. As far as my own constituency goes, I should be very well pleased indeed, and I am sure every hon. member would be pleased, if in the next election he should receive as big a percentage of the votes polled as that in favour of the poultry scheme in the province of Alberta and Saskatchewan.

Mr. FRASER (Northumberland): Perhaps they would if they spent as much money to get it.

Mr. WEIR (Melfort): My own constituency voted over seventy per cent in favour, and some others over eighty per cent. This money was voted by the House of Commons, and spoken in favour of by members of the different parties represented in the house, to be applied to assist in the organization and development of schemes such as this.

Mr. MOORE (Ontario): May I ask the minister the number of those who voted in Alberta and in Saskatchewan?

Mr. WEIR (Melfort): It is already on Hansard but I shall read it again. In Alberta the total votes in favour were 12,635, being 62·5 per cent, and the number against 7,587, being 37·5 per cent. In Saskatchewan the number in favour was 27,749, being 63·4 per cent, and the number against, 16,012, being 36·6 per cent. In Manitoba the votes in favour were 6,070, and against, 18,931.

Mr. MOORE (Ontario): Surely the minister will admit that that was a very small fraction of the possible voters, showing a very slight interest in the movement.

Mr. WEIR (Melfort): And a slighter opposition to it.

Mr. MOORE (Ontario): Was I correct in understanding the minister to say he had answered all the questions put to him this afternoon and evening?

Mr. WEIR (Melfort): I think the hon. member will be fair enough to admit that when hon. gentlemen ask five or six or seven or more questions in succession it is difficult to remember them all. But as far as I can remember I have answered all questions asked.

Mr. BROWN: There is one matter I would like to bring to the attention of the minister now that we have come back to the poultry scheme. Some $50,000 was spent by the government in promoting the scheme—

Mr. DUFF: Wasted, not spent.

Mr. BROWN: Well, it may have been wasted, but it was spent. The minister said this afternoon that opponents of the scheme had opportunity to present their case at the meetings. I would call his attention to the fact that at some of the meetings opposition speakers were not allowed to speak. I can prove that.

An hon. MEMBER: Serve them right.

Mr. BROWN: That is a curious statement. I have no objection to the minister taking the position that they could not directly finance the opposition; I think his argument on that point is reasonable. But I contend that when public money is spent to promote a scheme

of this kind, neighbouring farmers who attend the meeting should not be denied the privilege of expressing their opposition to the scheme. Now, that was done.

Mr. WEIR (Melfort): No doubt about that.

Mr. BROWN: The minister agrees with what I said?

Mr. WEIR (Melfort): Absolutely.

Mr. BROWN: I think the minister will agree that that was an entirely wrong policy to pursue.

Mr. WEIR (Melfort): When the money was advanced it was set out very definitely as one of the conditions that every opportunity should be given to opponents of the scheme to express their view.

Mr. BROWN: Well, it was not done.

Mr. WEIR (Melfort): The first condition that was attached to the advance of this money was that:

> Every effort should be made to familiarize all poultry producers with the purpose and proposed operation of the scheme in order to ensure as complete registration and poll as possible and opportunity shall be given at every meeting to all who desire to discuss the scheme.

Mr. MACKENZIE (Vancouver): Who signed that letter?

Mr. WEIR (Melfort): The dominion marketing board.

Mr. MACKENZIE (Vancouver): Who overruled it?

Mr. WEIR (Melfort): It must have been the individuals sent out who did not live up to it. The information no doubt is correct, and I would appreciate it if the hon. member would give me the name of the individual in charge of the meeting.

Mr. MACKENZIE (Vancouver): By whom were those people appointed—the dominion marketing board?

Mr. WEIR (Melfort): No, they were appointed by the proponents of the scheme in each province.

Mr. MOORE (Ontario): Would the minister give me the marketing qualifications of the members of the marketing board?

Mr. WEIR (Melfort): At the present time the chairman of the dominion marketing board is a man with excellent training in agricultural economics before he went into business on his own account.

Mr. DUFF: Who is he?

Mr. WEIR (Melfort): Mr. Leitch. He made an outstanding success, I believe, of this business he entered into. He was to a considerable extent responsible for formulating the scheme in connection with regulating the marketing of tobacco, and before coming to the dominion marketing board was responsible to a great extent for the success of that scheme.

Mr. MOORE (Ontario): May I interrupt? I understood the minister to say that we had to have the marketing board in connection with tobacco because the marketing of tobacco had not been a success. Now he states that the chairman has made a distinct success of the marketing of tobacco.

Mr. WEIR (Melfort): I said the chairman of the board had made a distinct success in this business that he had undertaken. The hon. member knows, as I had occasion to know through numbers of delegations who came to interview me in 1932, I think, and in 1933, of the unsatisfactory conditions that existed in connection with the marketing of tobacco.

Mr. MOORE (Ontario): Unsuccessful.

Mr. WEIR (Melfort): Unsuccessful, especially the smaller producers. They felt that they were being discriminated against. I believe it is the almost unanimous opinion that there has been a great improvement, outside of a party of two who came to see me two weeks ago, and I think they laboured under a misapprehension which I hope has been cleared up. Doctor Booth is head of the Department of agricultural economics, and we felt he was qualified to make a contribution to this work.

Mr. MOORE (Ontario): Has he ever had any selling experience?

Mr. WEIR (Melfort): I do not think he has ever had any experience in merchandising. The work of the marketing board is not to buy and sell.

Mr. DUFF: It is to prevent it.

Mr. WEIR (Melfort): Mr. Eaton, from the Department of Finance—

Mr. DUFF: It is like the whaling convention mentioned this afternoon.

Mr. WEIR (Melfort): —has had a very distinguished career in connection with the study of finance. Mr. Davidson was one of the outstanding men on the bureau of statistics, and we felt his records would be of great value. Mr. Gosselin has been enthusiastic in agricultural work, and has been an outstand-

ing student. We selected him because we wanted a bilingual representative on the board.

Mr. MOORE (Ontario): I presume the minister is answering me. I asked him about the marketing experience of these men, and he has not mentioned any marketing experience, with the exception of that of the chairman. I know the minister wishes to answer the question, and that is why I am attempting to make it clear.

Mr. POULIOT: The chairman is a responsible man on an irresponsible board.

Mr. WEIR (Melfort): Does the hon. member feel his question has not been answered?

Mr. MOORE (Ontario): I am asking the minister to state the marketing experience of the members of the marketing board. I was quite satisfied with the answer given in regard to the chairman. He then proceeded to outline other qualifications of the remaining members of the board, but he has failed to mention their marketing experience.

Mr. WEIR (Melfort): The hon. member asked about the marketing experience of the gentlemen on the board?

Mr. MOORE (Ontario): Yes.

Mr. WEIR (Melfort): In my answer I stated the marketing experience of Mr. Leitch, and I stated further that so far as I knew Doctor Booth had no merchandising experience. However I indicated that he was a student of marketing, as were the other members of the board. I think the hon. member will agree in this, that although from some quarters there has been criticism because men more actively engaged in marketing were not placed on the board, for every comment of criticism there have been nine others of commendation.

Mr. FRASER (Northumberland): People who did not know.

Mr. WEIR (Melfort): The hon. member interjects that these were people who did not know. I state that there were many people who thought exactly as the hon. member who has interrupted, who are now among the loudest in their commendation of the board.

Mr. FRASER (Northumberland): No.

Mr. WEIR (Melfort): The hon. member cannot answer because he does not know about whom I am speaking.

Mr. FRASER (Northumberland): No.

Mr. WEIR (Melfort): The hon. member is suggesting that people have not come to me and made the statement I have indicated, despite the fact that he does not know about whom I am speaking. That is typical of the attitude taken by the hon. member in matters such as these.

Mr. FRASER (Northumberland): I will tell you in a minute what my attitude is.

Mr. WEIR (Melfort): These people who have come, with one exception, have gone out of their way to pay tribute to the calibre of the men on the board. These men are unbiased, unprejudiced and all have had more or less experience in the study of agricultural marketing.

Mr. FRASER (Northumberland): But not in the practical application of it.

Mr. WEIR (Melfort): They act as men interested in agriculture, with a knowledge of agriculture and the conditions under which the farmer is labouring. They endeavour to get the farmers' viewpoint and to endeavour to give what assistance they can by way of advice in the forming of schemes.

Mr. FRASER (Northumberland): In order that I may be clear in the matter I should like first to ask if we are discussing item 263 of the estimates, a vote of $545,500 for the Natural Products Marketing Act, 1934?

Mr. WEIR (Melfort): I believe that is correct.

Mr. FRASER (Northumberland): By what stretch of the imagination does the Minister of Agriculture believe that the money paid by the taxpayers of Canada should be used to educate—and I am using a very moderate term—or to coerce the producers of different commodities to adopt the ideas or policies tabulated or formulated in the minds of so-called supermen who have been chosen by the Minister of Agriculture to tell Canadian producers things that those producers know much better than the technical experts the qualifications of whom, in reply to a question of the hon. member for Ontario, the minister has just described?

Mr. WEIR (Melfort): May I correct that? These schemes are not prepared by members of the dominion marketing board; they are submitted by the producers themselves.

Mr. FRASER (Northumberland): I thank the minister for his explanation, because it affords me the opportunity to place before the committee certain facts in connection with the modus operandi of paid government propagandists in connection with certain schemes which have been presented to producers. The Minister of Agriculture has said quite truly

that these schemes did not originate in the minds or offices of the dominion marketing board, but I should like to place on record a method which to my intimate knowledge was used in an endeavour to bring the tomato producers of a certain part of Ontario under a marketing scheme. I would add that this method has been followed not only in the instance which I will relate but in other parts of Canada in endeavours to persuade, induce or coerce other producers to adopt schemes.

The meeting to which I refer was called in a tomato producing part of Ontario in order that two gentlemen, whose names I shall mention if the minister so desires, might address the meeting, and make an effort to organize the tomato growers of that district. As closely as I can ascertain—

Mr. WEIR (Melfort): I do not wish to interrupt, but I should like to have the names, because no officials of the Department of Agriculture are supposed to take any part in putting forward these schemes.

Mr. FRASER (Northumberland): I did not say that they were officials of the Department of Agriculture.

Some hon. MEMBERS: Oh, oh.

Mr. FRASER (Northumberland): No, I did not say that they were officials of the department, but if the minister wishes I shall name them. Some hon. members will know them. They were Mr. Craise of St. Catharines and Mr. Robinson. Now, you have them both.

Mr. WEIR (Melfort): I understood the hon. member to say that they were officials of the department.

Mr. FRASER (Northumberland): No, I did not say that. These gentleman called a meeting of tomato growers in the district. Out of 1,200 tomato growers less than 100 attended the meeting, of which number less than sixty per cent voted. I am not for one moment suggesting that that meeting was held to adopt a scheme under the marketing board, but I do say that is the method which has been adopted not only in connection with tomatoes but also in connection with the growing of apples. All you have to do is to say, "Hurrah boys; we will have a meeting in Brighton, Cobourg or somewhere else to-night. Let us all go, because we are going to discuss a marketing scheme." Those who can conveniently attend do attend, and some glib propagandist who has never been successful in operating a business of his own gets up and eulogizes—

Some hon. MEMBERS: Oh, oh.

[Mr. W. A. Fraser.]

Mr. FRASER (Northumberland): Have a good laugh; it will do you good. This man gets up and eulogizes and attempts to show the farmer or producer how to produce and market his crop. That is what happens; laugh that off.

Let me go one step farther. I have before me an itemized return of the individual payments out of a sum of $50,000 appropriated in order that government paid propagandists, men paid by money supplied by the taxpayers of Canada, might spend $50,000 of the taxpayers' money in the three western provinces in an attempt to sell the egg producers a scheme indicating how they could best market their product. What superman or supermind or minds was behind this scheme? Who thought it out? Who thought out this bedtime story? I noticed in checking over a list the other day of civil servants who receive over $8,000 a year—it was in a newspaper I read it—that the chairman of the marketing board was fortunate enough to be included in the list. I may be wrong in that, and if so, will the minister please correct me?

Mr. WEIR (Melfort): Does the hon. member refer to the $50,000 that was sent out?

Mr. FRASER (Northumberland): No. I am asking who thought out this scheme; what superman developed this expenditure of $50.000 for radio addresses and the payment of stump speakers, salaries for stenographers, newspaper advertising, hole in the corner meetings, meetings of school boys and school girls, and practically every other type of propaganda that you can think of. They spent $50,000 of the taxpayers' money to advance an uneconomic scheme, to convince the poultry producers and egg producers of the three western provinces or convert them to the idea that some technical expert knew more about raising chickens and eggs than the poultry raisers themselves. I said that the gentleman under whose jurisdiction this expenditure came, and who in turn is under the Minister of Agriculture, is a civil servant who, according to the list I saw in a newspaper which I believe was taken from a return brought down in this house, is one of the newly appointed civil servants who are being paid over $8,000 a year. Is not that correct?

Mr. WEIR (Melfort): That is not a correct statement. The marketing board in the first place is not under the Civil Service Act, and the chairman of the board receives a salary of $10,000.

Mr. FRASER (Northumberland): Thanks very much, Mr. Minister. I was $2,000 out. I did not estimate his worth as highly as the minister.

Mr. MACKENZIE (Vancouver): He is a civil servant.

Mr. WEIR (Melfort): Not under the Civil Service Act.

Mr. FRASER (Northumberland): Who pays him?

Mr. WEIR (Melfort): The government.

Mr. FRASER (Northumberland): Then my statement is correct when I say that the taxpayers of Canada are paying these supermen big salaries, $10,000 a year to the chairman of the board. While I do not wish to do anybody an injustice, I doubt whether in any one year that gentleman ever received such handsome remuneration prior to his engagement by the government to direct the practical operations of those who know more about their business than he does.

Let me go one step further. I happen to be a fruit grower, an apple grower. Under the Natural Products Marketing Act there was set up what was known as the apple export board. Once again these gentlemen weighed the reasons pro and con and decided that a certain practice should be followed in connection with the exportation of apples. I am referring to the year 1934-35. We have heard on numerous occasions from the hustings, and in this House of Commons from certain hon. members to the right of the Speaker, of the tremendous export of apples from Canada in the 1933-34 season, and that was absolutely correct; there was a bumper crop of apples in that year, and we had very large exports. But will hon. members on the other side of the house look at the export figures for 1934-35? They will find that the figures are probably the lowest export figures of any year in the last ten years. And now we are asked to vote $545,000 to administer the Natural Products Marketing Act under which these supermen set up an apple export board and put an embargo on the export of low grade apples and certain varieties from the province of Nova Scotia. The result of this interference with the natural trend of trade and business was that in 1934-35 the Annapolis fruit growers shipped into the provinces of Ontario and Quebec approximately 400,000 barrels of low grade apples, and these apples from the maritime provinces came here to the detriment of the Ontario fruit growers, who had a minimum crop of approximately 250,000 barrels in 1934. My contention on that point, Mr. Chairman, is this, that we should not be asked at this time to vote money to maintain a marketing board or an export board that does not know as much about the practical operations of the producer's business as he knows himself.

Reference has been made here to-night to the potato board. The hon. member for Antigonish-Guysborough (Mr. Duff) has spoken of the conditions that prevail in the potato industry in the maritime provinces. Let me say for the information of the minister, in order that it may get on the record and he will know it, that after the potato board was set up under the Natural Products Marketing Act, after they had called in the assistance of the provincial police to endeavour to control the bootlegging of potatoes in Ontario, after they had the provincial police speeding over the highways of Ontario in order to arrest if necessary the producers and distributors of our natural products, the price of potatoes in Ontario dropped, not to eight cents a bag, but to nil, and I was under the painful necessity last week of dumping 462 crates of No. 1 graded Ontario potatoes because even a certain hotel proprietor would not relieve me of them for nothing. That is the result of the marketing board. That shows what the marketing board failed to accomplish, and what no board can ever accomplish. That is the condition that prevails after the expenditure of all this money, the payment of salaries to supermen, to the chairman and to superassociates to instruct him in order that he may be able to tell us poor farmers what we are to do with our potatoes. I say without fear of contradiction, after spending thirty years of my life in the production, distribution and sale of fruit and farm products, that the attempts being made by the marketing board are economically unsound and will produce nothing but chaos and disastrous results. The tobacco marketing board originated in the minds of a couple of super real estate salesmen, who forced the production of tobacco on the sand dunes of Norfolk and Oxford counties. I can give the names of these two gentlemen if they are wanted. They knew nothing whatever about the production, sale and distribution of tobacco. One of them was a real estate broker in the city of Toronto who had been engaged in the sale of musical instruments but failed in that business. He had not got more than a rain check in the real estate business until he decided that there was an opportunity in Oxford and Norfolk counties for the people to buy these sand dunes to produce tobacco.

Through high pressure salesmanship and by painting a glowing picture of the profits that were to be made from the production of tobacco, through unsound methods, they forced the production of tobacco to the point mentioned by the hon. member for Ontario (Mr. Moore) a moment ago, and then they put their hands up and yelled, "Kamerad, Mr. Minister. For God's sake help us; we are broke." And that is the way the tobacco scheme originated in the two counties.

Speaking not only as a member of this House of Commons but as a Canadian citizen who cherishes his liberties and rights under the constitution of this dominion—

Some hon. MEMBERS: Oh, oh.

Mr. FRASER (Northumberland): I quite realize, Mr. Chairman, why some hon. members on the other side laugh; under the cloak of Toryism they have never known what rights and liberties are. It comes to my mind to quote the old phrase, "the loud laugh that speaks the vacant mind." As a member of this house and as a Canadian citizen, as a farmer and a producer having some stake in this dominion, I say to the Minister of Agriculture that this Natural Products Marketing Act is the most vicious piece of legislation that was ever put on the statute books of this country. This act is the stepping stone to fascism in Canada. As a Canadian citizen, a member of this House of Commons and a candidate in the next election, I am ready and willing to take this act and make it the spearhead of my campaign in defence of Canadian liberty and Canadian citizenship.

We are being asked at this time to vote $545,000, which is to be spent without discretion, without direction or control, just as the $50,000 was spent in the western provinces in an endeavour to coerce, to persuade and to force the poultry and egg producers to enter a scheme. The tobacco producers, the hog producers and other producers of natural products are being forced to enter wildeyed economically unsound schemes. Before this is done this House of Commons should consider carefully where the money comes from, how it is to be spent and what the ultimate result will be for the taxpayers, the producers and the consumers of this country. I repeat to the minister that these schemes will not work. The men who devised these schemes were men who were already in trouble through inability to handle their own affairs. The men who are at present promoting the Natural Products Marketing Act and the marketing boards to the best of their ability would be better employed trying to figure out their own personal destinies.

[Mr. W. A. Fraser.]

A few minutes ago the minister stated that the department had been approached by numerous producers and groups who wished to adopt these schemes. I should like to know just what these groups are and what incentive is behind their request. I think this information would be very interesting to the committee.

Mr. WEIR (Melfort): Mr. Chairman, at the commencement of his remarks the hon. member stated that in 1933 there had been a large export of apples but in 1934 this export had fallen abnormally low. I am sure the hon. member would not want to give the impression that the drop in exports was due to anything but the deplorable frost which destroyed many of the finest orchards in Ontario. I believe the hon. member himself suffered considerably in this connection. There was a very light crop of apples in 1934 and I believe that was largely responsible for the decrease in exports.

Mr. FRASER (Northumberland): The natural conditions are the same for a large or a small crop.

Mr. WEIR (Melfort): The hon. member has referred in very eloquent and vigorous terms to the Toryism at its worst in the Natural Products Marketing Act.

Mr. FRASER (Northumberland): Excuse me, I must correct the minister.

Mr. WEIR (Melfort): Perhaps it was at its best.

Mr. FRASER (Northumberland): I did not use the word "Toryism" in that connection.

Mr. WEIR (Melfort): The hon. member referred to Toryism in connection with the Natural Products Marketing Act.

Mr. FRASER (Northumberland): I referred to Toryism when replying to some hon. members opposite in connection with fruit.

Some hon. MEMBERS: Not at all.

Mr. WEIR (Melfort): I should like to quote from the speech from the throne delivered in 1935 in the legislature of British Columbia, the government of which is a long way from being Tory. It reads:

> Agriculture generally in British Columbia has improved and an upward trend is noticeable both in the matter of markets and price structure. As a result of the natural products marketing legislation passed last session several producers' schemes have been proclaimed, which, with a further broadening of the federal act, will, it is believed, result in establishing agriculture on a sounder basis in this province.

The hon. member asked for particulars of the applications which had been received from producers' organizations to come under the provisions of the Natural Products Marketing Act. We have received the following applications:

Manitoba, live stock marketing scheme.
Saskatchewan, live stock marketing scheme.
Alberta, live stock marketing scheme.
British Columbia, halibut marketing scheme (recommended).
Ontario, fruit and vegetable marketing scheme.
Dairy marketing scheme for Canada.
The Grand Manan smoked herring products scheme.
British Columbia, red cedar shingle marketing scheme.
The Ontario cattle export scheme.
The Ontario cheese patrons' scheme.
British Columbia, hothouse tomatoes and cucumbers scheme (provincial, recommended).
British Columbia, small fruits and rhubarb scheme (recommended).
Nova Scotia, apples.
South Essex, fruit and vegetables.
Ontario, honey.
Ontario, grapes.
Saskatchewan, poultry.
British Columbia, sheep and sheep products scheme.

I cannot place too much emphasis upon the statement that neither the dominion marketing board nor the dominion government have made any efforts to institute any scheme under this act. This act has been made available to the producers and we feel that the decision should be left to them.

Mr. FRASER (Northumberland): How many of the applications just mentioned by the minister have been turned down?

Mr. WEIR (Melfort): None of those have been turned down; they are all under consideration.

Mr. FRASER (Northumberland): How long has it been since those schemes were referred to the board?

Mr. WEIR (Melfort): The time varies from one month to six months.

Mr. FRASER (Northumberland): Why has not the board acted?

Mr. WEIR (Melfort): In some cases it has been impossible to obtain the necessary information, and in other cases readjustments have been necessary after the scheme has been submitted.

Mr. FRASER (Northumberland): That is the answer I wanted. After schemes have been submitted readjustments have taken place in the proposals. In other words, as I understand it, the marketing board is endeavouring to exercise the cooperative principle in connection with these schemes.

Mr. WEIR (Melfort): To bring the schemes within the provisions of the act. Many of the schemes submitted were not in conformity with the act.

Mr. FRASER (Northumberland): Is it the intention of the marketing board or the department to use the full powers contained in the act to enforce a scheme once it is adopted? Suppose I am refused a licence as a bean or tomato grower; would the penalties provided in the act be applied if I did not belong to the scheme and continued to sell my product?

Mr. WEIR (Melfort): If that were a provision of the scheme, yes. It would depend entirely upon the provisions of the scheme submitted to the producers.

Mr. FRASER (Northumberland): Under the act itself the board has the power to impose fines, taxation and imprisonment upon anyone who infringes upon the principles of the act or violates any of the sections of the marketing scheme which has been set up by vote or otherwise. I understand that no votes have been taken as yet in Ontario. Is it the intention of the board to apply the penalties granted by Bill No. 51 to a producer of natural products who violates the provisions of the scheme or who has been refused a licence?

Mr. WEIR (Melfort): Each instance will be dealt with in accordance with the facts of the case.

Mr. FRASER (Northumberland): For years we had in Ontario what was known as the Ontario Temperance Act, and we could not stop bootlegging in liquor. It is difficult to stop bootlegging in narcotics. Now the point I want to call attention to is that you cannot stop bootlegging in potatoes. If we could not stop it in liquor, when there was not only a fine but a gaol sentence, how in the world are you going to stop it in natural products? How is the local board under the act going to refuse me as a Canadian fruit producer, owning my own farm and paying everything, from dog licence to sugar tax, the right to dispose of my products? How will you prevent me from selling my products? It seems to me that you are trying to push water uphill. May I have an answer to that question?

Mr. WEIR (Melfort): The answer is this. Any scheme that is submitted is submitted by the producers themselves. They are the ones who set out what the powers shall be within the act, and if a sufficient majority vote in favour of the scheme, with the powers set out therein, that scheme will go into effect and

those within the area will be brought into line with the others. That is the principle of the act.

Mr. FRASER (Northumberland): How will you bring them into line? How do you intend to bring the minority into line?

Mr. WEIR (Melfort): It is being done now. It might be on the basis of licensing the buyers.

Mr. FRASER (Northumberland): Suppose that as a producer I am refused a licence; where do we go from there?

Mr. WEIR (Melfort): You are guilty of a violation of the regulations under the scheme and will be subject—

Mr. FRASER (Northumberland): To fine?

Mr. WEIR (Melfort): If you have acted without a licence when one is required.

Mr. FRASER (Northumberland): I have to sell apples; I am desperately interested in that, and still I want to keep out of gaol. Please answer this question so that I shall know. In the first place, if I am refused a licence, what happens then? I am a fruit producer, or I am producing tomatoes under a scheme, and I will not sell my tomatoes or my apples at the price set by the local board, or I refuse to comply with some regulation: what happens to me then?

Mr. WEIR (Melfort): That depends on the conditions set out in the scheme. What happens to the hon. member then, in this hypothetical case, depends entirely on what action it is felt necessary to take to make him come into line with the scheme.

Mr. FRASER (Northumberland): Let me put the question in another way. As a Canadian fruit producer, owning my farm, paying my taxes, meeting my obligations, cutting my grass and painting my house, I want to know what you will do with me if I refuse to sell my apples or my tomatoes in compliance with the terms laid down by the local board under the Natural Products Marketing Act. What happens to me?

Mr. WEIR (Melfort): It depends on the terms of the scheme, and then, if complaint had been made that the hon. member had not been living up to the conditions of the scheme, action would be taken by the court and a fine if necessary would be imposed.

Mr. FRASER (Northumberland): I take it from what the minister says that if I break the regulations laid down by the local marketing board under the Natural Products Marketing Act I am subject to fine.

[Mr. R. Weir.]

Mr. WEIR (Melfort): It depends entirely on the conditions set out in the scheme. We cannot decide hypothetical cases.

Mr. FRASER (Northumberland): If the conditions set out in the scheme are consistent with Bill 51, am I subject to a fine? What method will you adopt to get me into line?

Mr. WEIR (Melfort): That depends entirely on the local board.

Mr. FRASER (Northumberland): Let us see if we cannot get it focused for a minute. As a fruit producer I refuse to be dictated to by a majority of the local board or I refuse to comply with the regulations set out by the supermen you have hired. Let us get it on the table so that we have all the cards face up. I will grow my apples and sell them when and where I like, at what price I like, at such times as I choose and to whom I choose, and I will transport them as I like, all consistently with the laws of the dominion. Someone will say, not consistently with this law. But the point I wish to bring out is this. The minister said a minute ago that if the terms of the local scheme were such and such under the Natural Products Marketing Act I would be fined if I broke one of the regulations. Am I correct in that?

Mr. WEIR (Melfort): It depends on what is set out in the scheme.

Mr. FRASER (Northumberland): If the scheme as set out embodies the powers of Bill 51, unquestionably I can be fined.

Mr. WEIR (Melfort): It depends on the conditions; each case is decided on its own merits.

Mr. FRASER (Northumberland): Permit me to get back to the point once again. The Natural Products Marketing Act provides for fine and imprisonment for infringement or non-compliance with the terms laid down by the local board or the scheme set up. Is that correct?

Mr. WEIR (Melfort): Yes.

Mr. FRASER (Northumberland): Then we set up a local board in the apple growing district in central Ontario or a board to control tomato production, and seventy-five per cent of the growers that happen to come to the meeting vote for it and the board passes it.

Mr. WEIR (Melfort): The hon. member says a scheme will be set up in connection with tomatoes, to control production.

Mr. FRASER (Northumberland): I did not say that. What I am trying to bring out is this. The minister admitted that under Bill 51 I as a producer am subject to fine—

Mr. WEIR (Melfort): Stated rather than admitted.

Mr. FRASER (Northumberland): He stated then that under Bill 51 if I did not comply with the regulations embodied in a local scheme under the Natural Products Marketing Act the board would have the right of fine and imprisonment. Is that correct?

Mr. WEIR (Melfort): That is my interpretation of it, yes.

Mr. FRASER (Northumberland): They have not only the right of fine and imprisonment; the board has the right of taxation. I was taxed in 1935—

Mr. WEIR (Melfort): The board has not the right of fine and imprisonment, and only if that were included in the conditions under the scheme would it be applicable. The board has not the right of fine and imprisonment; the court has.

Mr. FRASER (Northumberland): Under Bill 51 the courts have the right of fine and imprisonment, but the board has the right of taxation and it exercises that right. I was taxed without having a voice in the matter. I paid a tax though I had no say as to whether or not I should be charged. The tax was levied on my exports. My contention is this. In the first place the act is ultra vires; in the second place, neither the minister nor any court can send me to gaol for selling an honestly grown Canadian product to a Canadian consumer; and in the third place, the right of taxation is—

Mr. HACKETT: There are a lot of fellows in gaol now under that misapprehension.

Mr. FRASER (Northumberland): The right of taxation is vested in this House of Commons, in the parliament of Canada, and not in the board, to decide whether I am to be taxed or not to be taxed. But the board in this case decides; let us not forget that. The power is conveyed in the act. The act does not say how much the tax shall be. The local board sets the levy per acre and per bushel; the export board sets the levy per barrel of the export shipment. But the act transfers the right of taxation as well as the expenditure of taxes from the jurisdiction of the Canadian House of Commons to the board set up under the act. That is the iniquitous part of the whole matter, plus this fact—and let me repeat it and get it once again on the record—we could not stop bootlegging in liquor; how can we stop it in apples and potatoes? I repeat that as a Canadian fruit grower I defy the right of this or any other board to fine or imprison me for selling an honestly grown Canadian product. Is the Department of Agriculture in alliance with the Department of Justice? Is there a conspiracy with the Department of Public Works to build more gaols in this country? Is there by any possibility a set-up between Agriculture, Justice and Public Works and contractors and suppliers of materials behind this iniquitous piece of legislation? Let us get the situation cleared up and let us see where we stand.

Mr. MITCHELL: I have listened to the remarks of the hon. member for Northumberland (Mr. Fraser) in connection with this legislation. I have given some thought to the drift of public opinion, legislative opinion I might say, not only in this country but in some others. I am discussing this question impartially; I am not interested in this side or that side of the house. What we must remember is that the only places in which we have been able to carry out a planning scheme are the gaols, the army and the navy, where every man wears the same kind of clothes, eats as the government says he shall eat and sleeps as the government says he shall sleep.

I have had some practical experience in Ontario and in the city of Hamilton. I am speaking as a sailor, not as a soldier, and I know whereof I speak. I want to be very frank about this because I think the consumer has some rights; let us not forget that. While producers and distributors sit down and say: This is the price that shall be charged, let them not forget that my people have some rights as to the price that shall be charged. The labouring man who is working for $12 or $14 a week has some rights in this matter. After all is said and done, we all speak from the viewpoint of our experience. Some speak from the viewpoint of what they have read, but I speak from the viewpoint of my practical experience. I remember when the big chain dairies, representatives of the Borden interests in the United States, came into this dominion and began to buy up the dairies of Ontario. They took within their orbit, in the boards of directors, members who were prominent in the public life of this country. I have no objection to that. In Hamilton, whence I come, the working men are practical. A man can be well educated and be a damn fool at the same time; let us not forget that. They said: These chaps are buying up these dairies, and naturally in order to meet the

dividends on inflated capital they are going to ask for lower wages and lower prices to the farmers. This was quite a human viewpoint to take. They came to me and said: Give us a hand to help negotiate a wage agreement with these enormous chain dairies. So we went down to some of the smaller dairies and endeavoured to solicit their sympathy in connection with men's wages and working conditions. I gave a left-handed hint to them that if they would play the game in regard to men's wages and prices to the farmers, we would swing the labour support their way. What did one of their managers say to me? He said: "If I had the influence you think you have, I would start a dairy of my own," and they almost threw us out on the sidewalk. When we got to the sidewalk I said to the men around me, ordinary working men like myself: "By jingo, that is what we will do; we will start a dairy." So we started a cooperative dairy in Ontario. We went out among the farmers, and the funny thing about them was that we had to convince them that we were not selling them a goldbrick. They thought this was some smart slicker from the city coming out and trying to sell them something that was worth nothing. Eventually we raised enough money to start this dairy on the basis that the men get a fair wage, that the farmers get a fair return for their labour, and that what is left over is shared among the farmers and the people who buy the milk. That is the proper basis of production, because let us not forget that the fundamental basis of production is consumption, not profit. If the people in this corner who talk about the cooperative commonwealth did something more practical in that direction, they would be further ahead than they will get by just talking about it. That is the way to prove the thing is sound; the basis of life itself is voluntary cooperation, where the farmer gets his and the consumer or the man employed in the industry gets his. The fellows in this corner want a policeman all the time. I disagree with them of course on that point.

We proved my theory in a practical way; we started in with our cooperative dairy. I want to be quite frank about that; speaking as a sailor again I say that there is more profit in milk than there is in beer, and that is saying a good deal. We went along in a quite normal way and we built up a tremendous business. Within two years we had the third largest business in the city of Hamilton, based on this perfectly simple approach to the problem. This has the price spreads commission knocked off the map, to use the language of the man in the street. If after you meet your capital obligations you distribute the surplus among the people who produce the product and the people who consume it, and you pay the best wages and the top prices to the farmer, there is no argument against the proposition.

The first year we were in business we did not make any money, but that is quite a sound proposition in business. The second year we made sufficient profit to meet the arrears of dividends to the farmers, I mean to those who invested their money in the business. As a matter of fact we made fourteen per cent on the capital structure after paying top prices to the farmers and the highest wages to dairy employees within the confines of the city. Then we got the milk control board of Ontario, under a Liberal government, by the way; and I could never understand how a Liberal government should be opposed to voluntary cooperation. We might as well be frank. There is a complete answer to the price spreads commission and the lofty speeches made by the hon. member for East Kootenay (Mr. Stevens). How shall we pay the best wages possible to the employees, how shall we pay top prices to the farmers, meet our capital obligations and distribute the balance between those who produce the milk and those who consume it? If these overnight revolutionaries in the corner, these revolutionaries in the abstract, would go out to the people and preach the soundness of the real cooperative principle, we should get somewhere. I am one who believes in things that work; I am not greatly interested in things on paper. After all, the capitalist system works on paper; so does socialism. But I think these working men and farmers of Hamilton—I say this to the farmers on both sides of the house—have given an object lesson to the farmers and consumers of Canada which indicates that they do not need any price spreads commission; all that is necessary is the principle of voluntary cooperation. I state with all the responsibility of a member of the House of Commons that at the moment we are making so much money that we do not know what to do with it.

Mr. FRASER (Northumberland): How about lending us some?

Mr. MITCHELL: And this good Liberal government of Ontario say we cannot pay more than eight per cent on our capital. What are we going to do with the balance? Up to the last month our profits on distributing milk have been 38½ per cent on our capital after meeting all obligations—wages, depreciation, and interest on capital.

Mr. FRASER (Northumberland): Surely a case for the Combines Investigation Act.

Mr. MITCHELL: We welcome that; the hon. member need not hold that up as a threat.

An hon. MEMBER: What did you do with the money?

Mr. MITCHELL: We have still got it. The government of Ontario, my good friend Mitchell Hepburn, said that we could not pay this out to the producers. We are willing to do it to-morrow morning, but if we did it we would be breaking the law and would find our charter taken away from us. Being a good Englishman, I believe in democratic institutions and in obeying the law.

When I spoke on the marketing measure last year I said I thought it had the germ of an idea in it, based on the voluntary cooperation of producers and consumers of this dominion. I am absolutely opposed to the principle of coercion; I say that in all sincerity. The right to express an opinion, the right to disagree, is in my judgment the basis of human freedom. If there were not differences of opinion this House of Commons would not exist. Someone behind me asks if I believe in the open shop. I shall answer that question too. If you start off with proper wages and working conditions for the primary producers and the men and women engaged in industry and forget about the chaps who are out to make fortunes and who have fleeced you in the past, it would be very fair premises to start from. But out of practical experience —because after all our attitude towards life arises very largely from our practical experience—we have proved in a small way that cooperation between the producer, especially the farmers, and the men and women engaged in industry, and the consumers, who are the basis of production, is practical; it has been a practical thing in the milk industry of Hamilton. I would leave this thought with the government, that in the working out of these schemes they must take into consideration three primary factors. First, the consumers must have a fair deal; then you must consider the producer, and you must consider also the capital which is necessary to launch the enterprise.

I shall have more to say on this matter before the session is concluded. In this marketing legislation you must have due regard for the consumer. I listened very attentively to the remarks of the hon. member for Northumberland, and I think his is a sad conclusion to arrive at, if you are to maintain Canadian institutions as we understand them, having due regard to the three factors in industry.

Mr. MOTHERWELL: Mr. Chairman, may I ask the minister if he contemplates bringing down at the present session any amendments to the Natural Products Marketing Act? At the beginning of the session it was currently reported around the buildings and in the press that there would be some amendments to this bill. I was in hopes that there would be, but at this stage, after we have already had a surfeit of legislation, I scarcely dare suggest that amendments be brought down.

Mr. WEIR (Melfort): It is contemplated that amendments will be introduced. These amendments were withheld until the report of the price spreads commission was received.

Mr. MOTHERWELL: I am sure that after the discussion to-night the minister must be convinced that we are not entirely unanimous about this marketing act. I voted for it myself; I was in hopes that after a year's experience the minister would be prepared to profit by the weaknesses that were bound to develop in its tryout and its administration and to make certain amendments. Possibly some of the vexatious provisions of the bill could be eliminated without impairing its general utility.

The sentiment of the house was indicated last year by the leaders of all parties; they were in favour of a marketing bill as a general principle, but a great many did not agree with this particular kind of bill. My hon. friend from East Hamilton (Mr. Mitchell) was in favour of a voluntary system. That sounds attractive, but many in the western provinces have advanced a little beyond that, especially in British Columbia where this bill really originated. To the horror of those who always favoured a voluntary system our friends in British Columbia are largely for the kind we have now. Their argument is that this is not a compulsory system in the usual sense, but that the government is merely affording them facilities to impose compulsion upon themselves, so to speak. In Alberta, Saskatchewan and Manitoba they were asked if they wanted to impose compulsory marketing upon themselves by a two to one favourable vote, and they said no. Then where is the compulsion? It did not come into force.

For many years I had to wrestle with this problem, and for long years I was just as violently opposed even to seeming compulsion as anyone could be, to anything but an entirely voluntary system. There are two sides to the question, and I will not enter into the merits thereof at this time; but if it is wrong

for a majority to say to a minority, say ten per cent: We will determine how you shall market your stuff, surely it is a greater wrong for the ten per cent to determine how the ninety per cent shall market their goods. I had to go through all that, and I have a great deal of sympathy for those who are going through the earlier stages of the same development, because voluntary action would seem a sound thing to preach and the denunciation of coercion would seem to be equally sound. But if we apply that all through life I do not know where we would finish or where majority rule would get off at.

I believe it will be recalled that when I voted for the second and third reading of the marketing bill I registered my vote after making very considerable reservations, and registering the hope that before there could be much harm done by it to the cause of cooperative marketing some amendments would be made to it. I am pleased to note that the minister has that point in mind. I have no doubt that if a reasonable number of good amendments were made, sufficient to remove the more vexatious features, such as the licencing and controlling of production, and the regulating of exports and imports, the act would be more satisfactory. Those factors are distressing and objectionable to many people. And then only enthusiasts like some of the rest of us on behalf of co-operating marketing, who have spent the better portions of their lives trying to do something on its behalf, could swallow those features temporarily in the hope that they may be speedily removed by amendment.

Before I take my seat may I mention another matter. I am afraid the government have not been very fortunate in the administration of the act. This was a new piece of legislation for this house, government and country. The way in which the vote has been administered leaves much to be desired, and the hesitancy demonstrated by my good friend the minister in giving information to the house would seem to indicate that he thought there was something wrong in distributing these moneys among the various schemes being launched. The money was specifically voted for the purpose of organization and he was perfectly within his right in distributing it. I do not know whether or not it was spent properly, but that is another question. The fact is, however, that the House of Commons voted the money for organization purposes, just the same as other governments have done on many similar occasions, and particularly those provincial governments in the western provinces.

I understand another vote in connection with a live stock marketing scheme is to be taken in the prairie provinces. There will be another great big voting contest coming off some time this summer, and I think it would be unfortunate to mix the two of them together. Speaking for my own province I would say that in the interests of the cause and obtaining a direct record and decision on one question at a time, it would be better to have only one voting contest in progress at one time. That is to say, if the elections are to be held in September or October I would suggest that any voting on marketing schemes be held as quickly as possible so that the two would not become intermixed, to the disadvantage possibly of both.

Mr. ROWE: After one has listened to the words of the ex-Minister of Agriculture, the hon. member for Melville (Mr. Motherwell), on the eve of an election one can see why we hear opposition to the marketing legislation. I am sure hon. members will agree with me when I state that the one most qualified to speak, the member of the opposition who has had the most experience in agricultural administration, and the one who has had a life-time of experience in the industry itself, is the hon. member who has just spoken and who is still in agreement with—

Mr. MOTHERWELL: I have no doubt the hon. member is lauding me with the best of intentions, but it would suit me much better just now if he would cut it out.

Mr. ROWE: I fully appreciate that the ex-Minister of Agriculture does not often agree with me, and as this is probably the first time he has heard commendation from this side of the house I can well appreciate his astonishment. While he may hesitate to accept my commendation, I must say in all fairness that I believe time has mellowed his political inclination as it does practically every hon. member of this house; and the hon. member for Melville has therefore given expression now to his most careful consideration of the marketing act. I clearly recall that he supported the bill and I am pleased to note to-night that he still supports the act which was the result of that bill. I am glad to note, further, that he holds a view contrary to other western members when he states that this is the type of legislation which for years western provinces have put into effect, and that it contains nothing of a coercive nature. He suggests further that the vicious principles of the act might well be removed. With that view I am somewhat in agreement.

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: I see the hon. member for Shelburne-Yarmouth (Mr. Ralston) applauding, and I can well appreciate that no matter what legislation is brought before parliament we will have to listen to the legal technicalities pointed out by hon. members of the bar; no matter what bill is introduced having to do with the restraint or regulation of business, the principle of liberty in business will be placed before us. But surely no hon. member will for a moment suggest that we have not regulations along every other line. Many of us have been driving on the highways and upon occasions when we have driven faster than the speed limit we have been fined. The hon. member for Northumberland (Mr. Fraser) has spoken about the Ontario Temperance Act. Many people were fined under that act.

Mr. FRASER (Northumberland): I did not say I had been.

Mr. ROWE: I do not think the hon. member for Northumberland was fined under that act, because I do not believe he would be guilty of an offence under it. I was going on to say, however, that we have regulations and control all the way along, just as the hon. member for East Hamilton (Mr. Mitchell) has said. I was amused by his observations about the voluntary principle of cooperation. We might as well apply the voluntary principle of cooperation in our labour unions; we might as well apply the voluntary principle of cooperation in every business organization throughout the dominion. Unfortunately, however, agriculture by its very nature does not permit of voluntary cooperation. From coast to coast we have over 728,000 farmers, and everyone realizes that complete cooperation would be impossible. The ex-Minister of Agriculture has made that point very clear. I submit again that there is no one to your left, Mr. Chairman, who could speak with more authority or after greater experience than the hon. member for Melville, and in spite of his nine years of failure as Minister of Agriculture, I agree with him.

Mr. DUFF: That is a lefthanded compliment.

Mr. ROWE: I shall come to that in a few moments. I would suggest the hon. member for Antigonish-Guysborough (Mr. Duff) assisted the ex-minister in his failure in the administration of his department.

Mr. DUFF: Well, you did not help him.

Mr. ROWE: I did not make the statement personally, when I referred to the hon. member for Melville. I say in all fairness and in all sincerity that the hon. member for Melville in the administration of his department was recognized by every farmer as being conscientious in his efforts. I can recall, further, that he brought about a system of egg grading and I have had to apologize in my own riding for criticism of it. It was also through the efforts of the hon. member for Melville that a system of hog grading was brought about, and I think he will agree with me and other hog producers in Canada that it was not a perfect system. Undoubtedly it could be criticized, and possibly was criticized by many hon. members opposing him. It was criticized at its inception and, as the ex-minister knows, the administration of it was criticized. However the fact is that at that time it was the best he knew and in fact it was a progressive step. I believe he could have gone much farther. I believe he could have gone much farther in his hog grading; instead of grading on the hoof, grading could have been done on the rail not only in connection with hogs but in connection with beef, mutton and all other meats. However, so far as coercion is concerned I must observe that the hon. member for Antigonish-Guysborough did not oppose the ex-minister in his coercion, if you might term these matters coercion. They were criticized by hon. members on the other side who probably did not realize their importance, but I submit that the letter killeth but the spirit giveth life. Every hon. member of this house knows that unless you make agriculture prosperous we shall never return to national prosperity.

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: We are all agreed on that. The members to your left, Mr. Chairman, realize full well that unless the primary industries of this country are made prosperous there is no hope for the future. It is all very well to make political campaign speeches out of an issue of this kind.

Some hon. MEMBERS: What about butter?

Mr. ROWE: The hon. member for Antigonish-Guysborough has said that we all promised seventy-cent butter.

Mr. DUFF: You did when you went to Nova Scotia in 1930.

Mr. ROWE: I challenge the hon. member to show one report of any meeting in Nova Scotia where I offered that.

Mr. DUFF: You went to the back concessions where there were no newspapers. You were scared to say it elsewhere.

Mr. ROWE: That may be a reflection on the province of Nova Scotia, Mr. Chairman, because I spoke in some rather prominent places in that province. But I am not speaking in any back concessions to-night and I am not afraid to talk to the hon. member for Antigonish-Guysborough. I declare that his statement is an absolute falsehood; he cannot produce a paper in Canada or a clipping that will show I offered seventy-cent butter anywhere.

Mr. DUFF: In the back concessions in Nova Scotia in 1930 you said that if the Conservative party were returned the farmers would get seventy cents a pound for their butter.

Mr. ROWE: I will revamp what I have said, Mr. Chairman, with reference to an absolute falsehood because I think that is probably not parliamentary. I will say this, that anyone who told such a story to the hon. member was certainly appealing to his political sympathies. I do not believe that any hon. member on this side of the house made any such statement in the last campaign. I never made any such statement anywhere in Canada, and I will venture to say that the hon. member, after more careful consideration, will admit that he cannot produce a clipping from any newspaper in Canada showing that any Conservative candidate in the last dominion election made any such statement.

Mr. BROWN: What about fifty cent butter?

Mr. ROWE: I challenge the hon. member or any hon. member to produce a clipping.

Mr. DUFF: You are trying to hide behind a subterfuge. You and the hon. member for Haldimand (Mr. Senn) went over Nova Scotia and Prince Edward Island and made the statement that if the Conservative party were returned the farmers would get seventy cents a pound for their butter. You cannot deny it.

Mr. ROWE: I again deny that statement. It is absolutely untrue. It never was made by me or by any other speaker in my presence at any meeting in Canada, and I challenge the other hon. member from Nova Scotia who is getting so warm about this to produce a clipping from any newspaper showing that any hon. member from this side of the house made any such wild statement. It is all very well for the hon. member for Antigonish-Guysborough or any other hon. gentleman opposite to go out on the hustings and tell the people of this country that this government through the marketing act, through trade restrictions and high tariffs has closed the markets of the world to our agricultural products—

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: Is the ex-Minister of the Interior going to campaign along that line?

Mr. STEWART (Edmonton): Yes.

Mr. ROWE: He is the man who said he would sound the death knell of protection when the Liberals got into power, and no man knows better than he does that practically every agricultural market in the world was closed to our products before this party came into power. I challenge any hon. member to your left, Mr. Chairman, to rise and tell me of one market that they opened to our agricultural products and that remained open in 1930.

Mr. VALLANCE: The hon. member has thrown out a challenge. May I suggest—

Mr. ROWE: You do not need to suggest. You can make your suggestions when I am through.

Mr. MERCIER (St. Henri): During the last election I was at a meeting in the eastern townships where one of your speakers promised eighty-five cent butter, and I told him: You want to put gold bricks on the market.

Mr. ROWE: No one knows better than the former Minister of Agriculture and the former Minister of the Interior that our markets had been lost to us before hon. gentlemen opposite went out of power, yet we do not blame the former Prime Minister (Mr. Mackenzie King) or the former Minister of Agriculture because we know that other countries were raising their tariffs against us. I have never blamed them, and that is why I resent hon. gentlemen opposite blaming the present Prime Minister and this government for closing, as they say, markets that as a matter of fact were absolutely closed to us before 1930. Every hon. member of this house knows that the great market to the south of us was absolutely closed to our agricultural products before 1930. They remember the Fordney-McCumber tariff of 1922 and the Hawley-Smoot tariff of 1930. When the Liberal party came into power we were selling to the United States almost $200,000,000 of our agricultural

products, and when they went out of power in 1930 that had dropped to about $30,000,000. What was the reason for that decline? Because hon. gentlemen opposite for nine years had a policy of "hush, hush—there must be no provocation given to the United States." That was your policy for nine years. But now you are saying that if you are elected you will have a round table conference to negotiate a new reciprocity treaty with the United States. But for nine years the Liberal party sat idly by and would do nothing to provoke the United States even when it raised the tariff on meats from nothing to three cents a pound, on copper from nothing to four cents a pound, on lumber from nothing to four dollars a thousand. Hon. members opposite shake their heads. They know very well that we were selling wheat free of duty to Czechoslovakia, Germany and Italy and under a twelve cent duty to France when they came into power, but before they went out of office three of those countries had imposed a tariff of approximately one dollar a bushel against our wheat and the other a duty of 73 cents a bushel.

I have listened to the hon. member for Antigonish-Guysborough saying that these markets have been closed to us due to the tariff policy of this government, but the former Minister of Agriculture admits that after years of waiting for a voluntary cooperative movement to standardize the quality of our export products and regulate their movement to the markets of the world, the Natural Products Marketing Act is the nearest thing to that objective that has been suggested at the present time.

Mr. MOTHERWELL: I did not say that. I wanted amendments to the act.

Mr. ROWE: I know that there are many things in the act that can be criticized by our learned friends of the legal profession. I know there are those who would say that it goes beyond the British North America Act as it affects chartered companies that are under provincial jurisdiction. I know that those who are in the business of trading in the farmer's products and taking more out of the product than we ever get for raising it will find objections to the act and can easily be appealed to by the glad hand of Liberalism. Our Liberal friends will say to them: If you want liberty, if you want to sell and buy as you please, vote for the Liberal party and liberty. This is the laissez-faire attitude which has been taken in respect to practically every policy. It is the attitude that prompts hon. members opposite to hesitate and admit reluctantly that if the government is sincere, the legislation is not too bad. They are afraid to say yes and they hesitate and are reluctant politically to say no. Progress knows no retreat. Every other industry in this country has been ably organized and hon. members opposite are afraid to oppose this class of legislation. The eight hour day and the minimum wage were in the Liberal platform of 1919. I know hon. members opposite approve of these things and I challenge any hon. member to say that he does not.

Mr. MACKENZIE (Vancouver): We passed it long before you dreamt of it.

Mr. ROWE: You dreamt of it long before we passed it.

Mr. MACKENZIE (Vancouver): We passed it.

Mr. ROWE: Your leader put it in his book eighteen years ago; you put it in your platform in 1919, but you never put it into effect, and you are reluctant to admit the advisability of our putting it on the statute book. I say as a farmer, and I believe I can speak on behalf of the farmers of this dominion—

Mr. DUFF: Do you work eight hours a day on the farm?

Mr. ROWE: I have worked sixteen hours a day on the farm. If we as farmers work eight hours in the morning and eight hours in the afternoon in order to provide the labour unions with an eight hour day and help to solve the major problem facing this country, unemployment, I think we should be given some consideration. I have no objection to an eight hour day if it will solve unemployment; in fact I am ready to subscribe to a six-hour day, if it will solve that problem, but if we are going to buy the products of their toil, if they are going to work only eight hours a day and receive twice as much as we are able to pay our labour on the farm, then I say on behalf of the boys who are working for the farmers and on behalf of the farmers themselves: it is high time some consideration was given to the farmers. This government is making the first effort which has been made since confederation to give the farmer a square deal and to give the producer of high grade goods a reasonable remuneration for his efforts. Our ambassadors, and especially the ambassador who was in the old country when hon. members opposite were in power, have told us what has happened in other countries. Our farmers have been forced to produce at less than cost. No matter how fine a product is produced, some other fellow may put out a

scrubby article which brings down the price of the better grade. Such action might affect the price received for apples by the hon. member for Northumberland. A scrubby type of bacon may be sold which spoils the sales of the better types which some of us endeavour to produce. It has been acknowledged by leading agriculturists in all countries that the only way to meet world competition is by a government supported system of marketing. We live in a frigid zone; we are proud of our high standard of living, and under ordinary circumstances we cannot compete with the farmers who live in warmer climates where in some cases the family and the live stock all occupy the same building. We must have a carefully planned and sound system of marketing; the supply must be regulated according to the requirements, and the grades must be standardized according to the demands of the markets. This fact has been recognized throughout the world for fifteen years and yet hon. members opposite are trying to find weaknesses in this marketing act on the eve of an election. They forget that during the nine years of their administration every other successful agricultural country was organizing along the same lines as we are suggesting to-night.

In 1928 or 1929 a former minister of agriculture stated in the city of Toronto that in 1921 Canada sold 255,000,000 pounds of bacon in the British market. Since the empire trade agreements were passed we have increased our exports of bacon to nine times what they were before, and our farmers received double the price received by the American farmer for his bacon for the twelve months following these agreements. I should like to draw to the attention of the committee the fact that we are exporting very little more than one-quarter of what we were exporting at the time the former government came into power in 1921. Why was this market lost? In 1921 we were selling more bacon than Denmark in the British market, but what happened? By 1930 we were selling less than two per cent of the bacon consumed.

Mr. BROWN: We were eating more at home.

Mr. ROWE: Danish bacon was being sold in our western stores and our barley was being used to fatten Danish hogs. Denmark studied the market in Great Britain. They found out the requirements. They realized that a fat-sided bacon was needed for the workingmen's districts while a lean type of bacon was required by the girl working in the office. Denmark was able to take care of the requirements of this market, and she captured the markets overseas which we had previously held. During the nine years hon. friends opposite were in power Denmark increased her shipments to the British markets from approximately twelve per cent of the requirements to sixty per cent. Denmark was selling over 600,000,000 pounds of bacon in Great Britain, but what happened to Canada? The twenty-six per cent which Canada previously sold disappeared and our exports were practically nil.

This country has been fifteen years behind the rest of the world in this type of legislation. I realize how involved such legislation may be and how legal hon. members may talk about the constitution. My hon. friend talked for over two hours on the constitutionality of this legislation and his leader referred more to the constitution than to anything else.

Mr. MACKENZIE (Vancouver): What about the Minister of Justice (Mr. Guthrie) when he spoke the other day?

Mr. ROWE: That may be, but we have reached the time when we must have sound, progressive legislation and not an attitude of laissez-faire in connection with everything brought up in the house. This is the attitude adopted by the party which has not enunciated a policy in any way, shape or form. I do not know, even you, Mr. Chairman, do not know, especially since you have been removed from politics—

Some hon. MEMBERS: Order.

Mr. ROWE: Even though you sit so close to the hon. member for Antigonish-Guysborough, who could tell you privately what might be expected, you do not know, Mr. Chairman, nor does anyone in this country know, just what is the Liberal policy on agriculture, on fiscal tariffs, on marketing, on finance or on reform legislation.

An hon. MEMBER: Reform.

Mr. McPHEE: When was the Tory party ever allied with reform?

Mr. ROWE: We have seen more advanced, progressive reform legislation passed since 1930, even before the so-called vicious acts were put into effect, than was passed by all the Liberal administrations from confederation down to the present time. I am amazed that an hon. member opposite should rise and mention reforms. There is not one piece of legislation upon the statute books to which they can point. They might mention the Combines Investigation Act, which was a justifiable and sound piece of legislation, but my hon. friends, in all their nine

years in power, never made use of it. They pigeonholed it and it has been there, dusty, ever since. They never drew it out once when five hundred or more large manufacturing concerns were organized into about a hundred and twenty of the largest monopolies and combines which this country has ever seen. They never reached into the pigeonhole and took it out to administer it. They never sent their legal friends of the party to look into monopolies and combines which were fleecing the people of the country. I say again, Mr. Chairman, that if I had any criticism of the present government—

An hon. MEMBER: You wouldn't say it.

Mr. ROWE: I was just going to say what the hon. member has said—

Some hon. MEMBERS: Oh, oh.

Mr. ROWE: I was going to say that if it were very bad, if it were very serious I would not say it at this time because there is no other party offering anything towards a solution of the problems that face this country. I say, however, that the present government has at least endeavoured to solve our problems. I remember that when our friends to your left, Mr. Chairman,—

Mr. MACKENZIE (Vancouver): You remember.

Mr. ROWE: Yes; you were not here then, but I remember that when hon. gentlemen were here in the hectic days of 1926 their whip went back and forth looking for support. Agrarian movements started away back in 1890, and though I do not remember anything so long ago as that, I remember reading about the patrons of industry, what great fellows they were, and how the Liberal party of those days said that they would help to solve the marketing problems of the country. And we can also remember the agrarian movement in 1919, which had a certain amount of justification, no doubt; and my hon. friends across the way were then trying to get the support of those gentlemen. We recall the platform of 1919; we remember their promise to deal with price spreads and the low standard of living—

Mr. McPHEE: May I ask the hon. gentleman—

Mr. ROWE: Please do not interrupt; I am developing a point in reference to the agrarian movement.

Mr. McPHEE: Is it not a fact—

Mr. ROWE: I will answer your question in a moment.

Mr. McPHEE: I should like to ask the hon. gentleman this question.

Some hon. MEMBERS: Sit down.

Mr. ROWE: I know what the hon. gentleman is trying to object to; he no doubt knows what I am going to say. The hon. gentleman is not a farmer, and I am now discussing the interests of farmers. Now we can all remember all the talk about a co-operative system at that time, and I well recall that in my own county some people said I was untrue to the farmers' interests because I did not belong to that group for the reason that they had started to merge into the Liberal party. The hon. members to your left, Mr. Chairman, came here, the Crerars, the Forkes, the Browns, and all the rest, in absolute sincerity, and in the most devout—

Mr. McPHEE: What about Milton Campbell?

An hon. MEMBER: Give him a title.

Mr. ROWE: The hon. gentleman never understood the problem, let alone offered a solution. He will not say in his riding that he is not in favour of the co-operative movement; he will not say he absolutely opposes the marketing act.

Mr. VALLANCE: You don't call this a cooperative movement, do you?

Mr. ROWE: The hon. gentleman will not lead me away from the point.

Mr. MACKENZIE (Vancouver): We won four by-elections in Ontario.

Mr. ROWE: That is also beside the issue, as the hon. member usually is.

The CHAIRMAN: Order. I must ask hon. members to keep order. If any hon. member wishes to ask a question, the hon. gentleman who has the floor will sit down if he cares to entertain the question; otherwise he must not be interrupted.

Mr. ROWE: Does the hon. gentleman rise to a point of order?

Mr. McPHEE: I wished to ask a question but the hon. member objected before I could get a chance to put it.

The CHAIRMAN: The hon. member who had the floor had not sat down. If he wishes to answer the question he will sit down.

Mr. ROWE: Now, if I may, I should like to proceed with what I was about to say—something my hon. friends do not care to listen to. I was going to say that hon. gentlemen came here in 1921, in 1925 and again in 1926—and some of them are still here—with the intention of doing something to give the

farmers a square deal and to encourage a system of cooperative marketing. But what happened? In 1925 and 1926 the Liberal party were not hanging on by their eyelids, as the hon. member for Antigonish-Guysborough suggests in reference to this party, but—

Mr. DUFF: You have been in power now for over five years.

Mr. ROWE: My hon. friends at that time did not even have their eyelids in, because they were in the minority in this parliament and they were kept in power by the help of the farmers' party. They did not have their eyelids in, and their eyes were closed, if they do not know they were kept in power by the farmers who sat to their left.

Mr. DUFF: Who is keeping you in power to-day?

Mr. ROWE: We were returned to this house with a substantial majority. Let me say to my hon. friends that they can ballyhoo this house sometimes, when there are not many members present, as on Friday nights, but they cannot ballyhoo the Dominion of Canada with respect to a government which has had a record of administration such as this government has had. They will not ballyhoo the people when the facts are shown in their true light. And no one knows this better than my hon. friend from Antigonish-Guysborough. I used to see how he would sit down in the corner and flirt—

Some hon. MEMBERS: Oh, oh.

Mr. DUFF: I rise to a point of order. The hon. member for Dufferin-Simcoe (Mr. Rowe) makes the statement that in 1925 and 1926 he saw me flirting with my hon. friends in the southeast corner. Let me tell the hon. gentleman that I never flirted with anybody. I have never agreed with the principles of my hon. friends in the southeast corner because, in my opinion, whether they are Tories or Liberals, or whatever they are, they should align themselves with one of the two great parties and not sit there doing nothing.

Mr. ROWE: Mr. Chairman—

Mr. DUFF: I am not through yet.

An hon. MEMBER: There is no point of order.

Mr. DUFF: I am rising to a point of order.

The CHAIRMAN: Will the hon. member be good enough to state the point of order?

Mr. DUFF: My point of order is this: My hon. friend had no right to accuse me of flirting with the members in the far corner.

[Mr. Rowe.]

Mr. ROWE: I certainly withdraw that statement about flirting. I know that neither the hon. member for Southeast Grey nor other members would flirt with the hon. gentleman, and I realize that he has never flirted with anyone. But I know very well his party were kept in power by hon. members who came to this house hoping to get a solution of their marketing problems, and they had been promised on different occasions they would have assistance in the regulation of their products to overseas markets, and so forth. The hon. member for Lisgar (Mr. Brown) shakes his head. The Liberal party, I remember, kidnapped his first leader, Mr. Crerar, and brought him over to their fold; then his second leader, Mr. Forke, and last but not least they kidnapped the hon. member for Lisgar (Mr. Brown) himself and brought him over with them also.

Mr. BROWN: It wasn't the Tory party that kidnapped the hon. member for Lisgar.

Mr. ROWE: I know the hon. member does not want to charge the Liberal party with the terrible crime of kidnapping, and I will recast that statement: he came quietly and slipped into a seat as near the front ranks of the Liberals as possible. He returned to his first love and left those with whom he was closely associated for many years. I repeat: In regard to every agrarian movement we have had in Canada since 1890, we have watched the Liberal party finally make their inroads into it and turn it from an agrarian and a cooperative movement into a Liberal force to help to return them to power. I see the ex-Minister of Justice (Mr. Lapointe) smile; he remembers how the different leaders of the Progressive movement came over just as meekly as little children, and the hon. member for Lisgar knows full well that is why many Liberals perhaps in his own riding are a little doubtful of his present candidature in the coming election for fear he will again forsake another love.

Mr. FRASER (Northumberland): May I ask a question?

Mr. ROWE: No; I would like to ask my hon. friend a question before he asks his. I would like to ask him whether, if the Liberal party is returned to power, he will do all in his power absolutely to abrogate or annul the marketing act.

Mr. FRASER (Northumberland): Just as soon as the hon. member takes his seat, I will answer that question in detail. Will he permit a question?

Mr. ROWE: I might say that just as soon as the hon. member takes his seat, I will proceed.

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

Mr. ROWE: We have listened to the hon. member already; we have listened to his points of order.

Mr. DUFF: We have a clock or, in fact, three clocks in this chamber; we also have a rule that a member can speak for only forty minutes. We have enjoyed immensely the remarks of the hon. member for Dufferin-Simcoe, but he has been speaking now for fifty-seven minutes.

Mr. ROWE: The hon. member cannot get away with that. I have not spoken fifty-seven minutes.

The CHAIRMAN: On the point of order, he can speak for only forty minutes, but every time he sits down he can speak for forty minutes more.

Mr. ROWE: May I thank the hon. member for Antigonish-Guysborough for extending my time by forty minutes although I do not propose to take that much time. I feel satisfied I have not taken thirty minutes yet, and the hon. member with interruptions has taken about as much of it as I have.

I know the hon. member for Northumberland, who is one of the ablest fruit producers in Ontario—and I have been amazed at what he has said with regard to the marketing act—will explain at some time how he can go to the fruit districts, the tobacco districts if you will, the fruit and vegetable producers, the hog producers.

Mr. DUFF: Order.

Mr. ROWE: As regards the forty minute rule, I have not taken forty minutes because I have been watching the clock and the hon. member has been sitting with his back to it.

Mr. DUFF: The hon. member has not said anything anyway.

Mr. ROWE: The hon. member has himself talked more and said less in the house than has any other hon. member. Surely I should have a chance to talk for a little while even if I do not say very much.

Mr. DUFF: I want a ruling on the point of order.

Mr. ROWE: Mr. Chairman, you have ruled on the point of order; you have ruled that I may proceed for forty minutes.

The CHAIRMAN: Go ahead.

Mr. ROWE: I want to say further to the hon. member for Northumberland: Let him visit the Niagara peninsula, the Annapolis valley, the fruit and vegetable districts and the poultry districts of British Columbia, the grain districts of western Canada where the wheat pool has been in operation for years; let him look over the situation in Ontario where the marketing act is just beginning to work. He can point if he wishes to the unfortunate situation when the crop of apples is bad; he can blame the poor crop of apples on the present government.

Mr. FRASER (Northumberland): I object; I did not blame that on the present government.

Mr. ROWE: No; the hon. member knows the present Prime Minister has nothing to do with the blight that spoils the crops. I withdraw the statement that he blames the government for that, but he will certainly say that the exports overseas were not as great as in years when crops were larger. Probably he will visit western Ontario and tell the people of Norfolk and Elgin: I am opposed to the marketing act. He probably has done this, but if he has not, he will say what he said in the house to-day and lead them to believe that if they support the Liberal party, the marketing act will be done away with. He will tell them that it is the beginning of fascism in this country.

Mr. FRASER (Northumberland): I object to the hon. member putting words into my mouth.

Mr. ROWE: Did the hon. member not say that this was the beginning of fascism in this country?

Mr. FRASER (Northumberland): Yes, but the hon. member a minute ago attributed to me words I did not say.

Mr. ROWE: Well, Hansard will prove to-morrow what was said.

Mr. FRASER (Northumberland): Let the hon. member make his own speech; let him not make up one for me.

Mr. ROWE: Hansard will prove to-morrow what the hon. member has said. I certainly would not want to put words into his mouth. I know he mentioned its relationship to fascism. If he did not mean that it was the beginning of fascism, he meant that it would certainly encourage it. I hope he visits the Norfolk, Elgin and Oxford farmers, the men who have come here from other countries, have established themselves and are being assimilated into excellent citizens, and tells

those people that this is the beginning of fascism and that if the Liberal party is returned to power, this act will be absolutely wiped out.

Mr. FRASER (Northumberland): I did not say so.

Mr. ROWE: I imagine in some of the houses I have been in, they will talk to one another and say: What do you think of the Liberal party?

Mr. FRASER (Northumberland): That question was answered in four by-elections.

Mr. ROWE: It will be said: We produced about one-third less crop last year and despite world conditions, we got four or five million dollars more for it due to the marketing act. So they will say to themselves: If it means we have to take forty per cent less—

Mr. MACKENZIE (Vancouver): I rise to a point of order. As regards the point of order raised by the hon. member for Antigonish-Guysborough, the rule dcelares that even in committee no hon. member may speak for more than forty minutes following the same line of address. If an hon. member has finished his forty minute address and another hon. member interrupts him, he cannot for another forty minutes. The hon. member has now spoken for over fifty minutes.

The CHAIRMAN: As regards the point of order, at more than one period in the hon. gentleman's speech there were members who rose and spoke for several minutes.

Mr. MACKENZIE (Vancouver): He just gave way in deference to a question.

The CHAIRMAN: My ruling was that there were hon. members who rose and spoke for more than one, two or three minutes; consequently, when the hon. member for Dufferin-Simcoe (Mr. Rowe) resumed, I permitted him to go on.

Mr. MACKENZIE (Vancouver): With the utmost respect, I say that the hon. gentleman gave way in deference to questions and interruptions from this side of the house. If he gives way he still maintains his right to continue his address. It would be ridiculous to say that when an hon. member is speaking he can continue for hours on end. That is not the intention of the rule.

The CHAIRMAN: Again I must say that in maintaining the rules the chair does not seek to favour one side any more than the other. I hope to be fair to both sides. But there were a number of times when not only were points of order raised but arguments were begun and finished on this side. Certainly on those occasions there was interruption of the speech of the hon. member, and from that time his time began over again.

Mr. MACKENZIE (Vancouver): An hon. member who is addressing the committee does not have to give way except on a point of order and on the direction of the chair. That is not an interruption of the hon. member's address; therefore there is continuity as to the forty minutes. If you persist, sir, in the ruling, I must appeal from it.

Mr. ROWE: Mr. Chairman—

Some hon. MEMBERS: Order. Sit down.

Sir GEORGE PERLEY: I should like to say a few words about this matter.

Mr. LAPOINTE: With all due deference, there can be no discussion on the ruling.

Sir GEORGE PERLEY: Am I out of order in saying a few words regarding the point of order?

Mr. MACKENZIE (Vancouver): A ruling has been given, and I have appealed from it.

The CHAIRMAN: As leader of the house surely the right hon. gentleman is entitled—

Mr. MACKENZIE (Vancouver): Has the chairman definitely and finally ruled on the point of order?

The CHAIRMAN: Yes.

Mr. MACKENZIE (Vancouver): And I have appealed, therefore there is no further discussion.

Sir GEORGE PERLEY: If that is the rule I do not wish to break it. But my hon. friend the ex-Minister of Justice (Mr. Lapointe) was on the committee with me that made this rule, and I suggest it would be a pity that there should be an appeal from a ruling of the chair on a matter of this kind. Whether the ruling is or is not in order it is a matter that ought to be gone into carefully by a proper question to the Speaker regarding what the rule means in this respect.

Mr. MACKENZIE (Vancouver): The appeal goes to the Speaker.

Sir GEORGE PERLEY: Yes, but I think it is a pity to have it go in this way, in a haphazard fashion as it were. The ex-Minister of Justice and I were both on the committee that prepared this rule, and I am free to admit that I have read it several times and am not sure exactly what the interpretation ought to be with regard to speeches in committee. That was not discussed in the rules committee, although we gave a great deal of attention to this matter. Suppose any hon.

member or any minister is discussing a matter in committee; he speaks for twenty-five or thirty minutes and then other questions intervene—

Mr. MACKENZIE (Vancouver): That is different.

Sir GEORGE PERLEY: Excuse me. Other matters are discussed—

Some hon. MEMBERS: No.

Mr. MACKENZIE (Vancouver): The same general discussion would start again.

Sir GEORGE PERLEY: All I suggest to the ex-Minister of Justice and my hon. friends opposite is that this is a matter which might very well be put to the Speaker in the shape of a question the terms and wording of which would be carefully considered, not submitted in this haphazard fashion. If my hon. friends opposite wish to have the rule definitely clarified, it might be worth while to take a little time to prepare carefully a question to the Speaker as to the meaning of this rule in regard to the proceedings in committee.

Mr. ROWE: I object to this interference, because I had not spoken forty minutes, independently of interruptions.

Some hon. MEMBERS: Order.

Mr. ROWE: I have not talked forty minutes, Mr. Chairman; you have not ruled yet that I have talked forty minutes.

An hon. MEMBER: That is not the point.

Mr. MACKENZIE (Vancouver): Even if my hon. friend had not spoken forty minutes, the chairman has given a certain ruling and I have appealed. We cannot consider the duration of my hon. friend's speech until that appeal is disposed of.

Mr. LAPOINTE: If my hon. friend will permit, there is an appeal from the ruling, and my hon. friend could not speak until that is disposed of anyway. Personally I am quite willing to agree with my right hon. friend as to the course he suggests, provided that in the meantime my hon. friend yields to what is being asked from the chair and that somebody else takes the floor—at eleven o'clock.

Mr. ROWE: Mr. Chairman, I call it eleven o'clock.

Mr. MACKENZIE (Vancouver): On a point of order, Mr. Chairman, I suggest that the hon. member cannot call it eleven o'clock. You must deal, sir, with my appeal.

Mr. WEIR (Melfort): I move that the committee rise and report progress.

Progress reported.

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

Wednesday, June 5, 1935

The house met at three o'clock.

PRIVATE BILLS

Mr. T. L. CHURCH (Toronto East) moved:

That the petition of H. H. Gray, presented on the 4th instant, praying for the passing of an act regarding a charter for the Hamilton Light Company, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders for the purpose of considering the suspension of standing orders 92, 93 (3) (a) and (c) and 95 in relation thereto.

Motion agreed to.

Mr. J. S. STEWART (Lethbridge) moved:

That the petition of the Cornwall Bridge Company presented on the 4th instant, praying for the passing of an act to extend the time for the commencement and completion of this undertaking, together with the report of the clerk of petitions thereon, be referred to the standing committee on standing orders for the purpose of considering the suspension of standing orders 92, 93 (3) (a) and (c) and 95 in relation thereto.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

REPORT PRESENTED OF HON. J. B. M. BAXTER, ROYAL COMMISSIONER

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, I beg to lay on the table the report made by the Hon. J. B. M. Baxter, appointed a royal commissioner to inquire into certain allegations made in respect of the Royal Canadian Mounted Police.

I beg to move:

That these be printed two hundred copies in English and one hundred copies in French of the report now laid on the table made by the Hon. J. B. M. Baxter, respecting allegations concerning the Royal Canadian Mounted Police.

Mr. DUFF: Why spend the money?

Motion agreed to.

COMPANIES ACT, 1934, AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 85, to amend the Companies Act, 1934.

Mr. RALSTON: Does the minister propose to explain the bill now?

Mr. CAHAN: Mr. Speaker, as the bill includes a number of proposed amendments which have very little inter-relation I would ask leave to reserve my explanation until the second reading.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

EMBARGO ON HAY EXPORTS

Mr. SEGUIN:

1. At what date did the government place an embargo on hay exports to the United States?
2. At what date was the said embargo removed?
3. Why was the said embargo placed, and why was it removed?
4. After the removal of the embargo, were Canadian farmers relieved from the formalities to which they were subject owing to the enforcement of this measure?

Mr. WEIR (Melfort):

1. The export of hay from Canada was made subject to licence by order in council P.C. 1966, published in the Canada Gazette August 24, 1934.

2. The provisions of this order in council were rescinded as from Feb. 1, 1935.

3. It seemed evident in August, 1934, that speculators were becoming active in their efforts to contract for hay for export which might result in a serious feed shortage for the farm stock in several areas in Canada without corresponding benefit to the producers. It was believed that order in council P.C. 1966 had accomplished the purpose for which it was intended and it was considered to be no longer necessary to require licences for export hay.

4. Yes.

THE KING VS. LEVESQUE

Mr. DESROCHERS:

1. Was the Canadian government represented in the case of the King vs. Levesque, in 1933-1934, before the criminal court of Quebec?
2. If so, who were the solicitors representing the government?
3. What emoluments or fees were paid to each of them?

[Mr. Cahan.]

Mr. MATTHEWS:

1. Yes.
2 and 3.

Lucien Moraud, K.C.	$3,480 42
Antonio Langlais, K.C.	6,190 60
Edgar Champoux, K.C.	2,577 00
Rudolphe De Blois, K.C.	2,708 00
Paul Drouin, K.C.	5,535 00
Ross Drouin	2,659 00

THOMAS TAYLOR

Mr. ILSLEY:

1. Is there a Mr. Taylor residing in the county of Pictou in the employ of the radio branch of the Department of Marine?
2. If so, what is his full name?
3. Where does he reside?
4. What salary does he receive?
5. What are his duties?

Mr. DURANLEAU:

1. Yes.
2. Thomas Taylor.
3. Springville, Nova Scotia.
4. $15.00 per month.
5. His duties are to see that private radio receiving sets in his district are licenced, and to investigate complaints of local electrical interference with broadcast reception.

MONEY GRANTS TO FAIRS

Mr. STEWART (Edmonton):

What money grants have been given to fairs, exhibitions and other organizations during 1934 and 1935, for (a) class A fairs, names and amounts; (b) class B fairs, names and amounts?

Mr. WEIR (Melfort):

Grants Paid for Class "A" Fairs

	1934	1935
Calgary Exhibition	$2,500 00	nil
Canada's Great Eastern Exhibition	2,500 00	nil
Canadian National Exhibition	2,500,00	nil
Central Canada Exhibition	6,000 00*	nil
Edmonton Exhibition	2,500 00	nil
Nova Scotia Provincial Exhibition	$2,500 00	nil
Peterborough Industrial Exhibition	2,500 00	nil
Prince Edward Island Agric. and Indus. Exhibition	2,500 00	nil
Provincial exhibition of Manitoba	2,500 00	nil
Provincial Exhibition of Quebec	5,500 00*	nil
Regina Agricultural and Industrial Exhibition	2,453 33	nil
Saint John Exhibition	2,500 00	nil
St. Lawrence Valley Exhibition	1,837 20	nil

Grants Paid for Class "A" Fairs—Conc.

	1934	1935
Saskatchewan Industrial Exhibition	2,500 00	nil
Valleyfield Exhibition	2,500 00	nil
Vancouver Exhibition	2,500 00	nil
Victoria Exhibition	2,500 00	nil
Western Fair	2,500 00	nil
Winnipeg Industrial and Agricultural Exhibition	2,500 00	nil

* Includes building grant.

Grants Paid for Class "B" Fairs

	1934	1935
Canadian Lakehead Exhibition	$1,539 75	nil
Chilliwack Agricultural Exhibition	2,000 00	nil
Dauphin Agricultural Exhibition	1,398 13	nil
Dufferin Agricultural Exhibition	1,658 58	nil
Estevan Agricultural Exhibition	1,355 50	nil
Fredericton Exhibition	353 75	nil
Interior Provincial Exhibition	2,000 00	nil
Kamloops Agricultural Fall Fair	631 38	nil
Leamington District Agricultural Society	2,000 00	nil
Lethbridge Exhibition	1,284 75	nil
Lindsay Central Exhibition	2,000 00	nil
Lloydminster Agricultural Exhibition	1,827 95	nil
Melfort Summer Fair	1,538 88	nil
Miramichi Agricultural Exhibition	1,301 98	nil
North Battleford Agricultural Exhibition	1,355 80	nil
Portage Industrial Exhibition	1,496 48	nil
Prince Albert Exhibition	2,000 00	nil
Quebec Regional Exhibition	1,500 00	nil
Red Deer Agricultural Fair	1,702 00	nil
Roberval Agricultural Exhibition	1,500 00	nil
St. Hyacinthe Agricultural Exhibition	1,500 00	nil
Ste. Scholastique Exhibition	$1,500 00	nil
Shefford County Exhibition	1,500 00	nil
Stanstead County Exhibition	1,433 50	nil
Vermilion Agricultural Fair	2,000 00	nil
Weyburn Exhibition	1,288 95	nil
Yorkton Agricultural Exhibition	1,693 63	nil

REBATES OR DRAWBACKS OF CUSTOMS DUTIES

Mr. STEVENS:

What is the total amount of rebates or drawbacks paid out of the consolidated revenue fund of customs duties paid on goods entering Canada during each fiscal year ending March 31, 1925, to March 31, 1935, inclusive?

Mr. MATHEWS:

1924-25	$11,797,144 05
1925-26	15,560,449 90
1926-27	16,997,690 90
1927-28	14,946,141 11
1928-29	13,272,503 07
1929-30	19,572,222 88
1930-31	18,042,011 29
1931-32	9,865,173 64
1932-33	7,199,032 78
1933-34	6,849,116 10
1934-35	8,065,498 09

BANK OF CANADA

Mr. GARLAND (Bow River):

1. On what date did the Bank of Canada commence operations?
2. What is the total revenue of the bank since that time?
3. What are the respective sources of this revenue?
4. What has been the total expenditure?
5. On what basis is the recently announced 4½ per cent dividend being paid?
6. Why is this dividend being paid before the end of the year?
7. On what capitalization is this dividend being paid?
8. What is the total profit to date?
9. What commission did the bank charge in connection with any recent Government borrowings?

Mr. RHODES:

1. March 11, 1935.
2, 3 and 4. No information.
5. The bank has declared a dividend of $1.26 a share payable July 2, 1935, representing a return at the rate of 4½ per cent per annum on $12.50 a share from September 21, 1934, the date of the initial payment, and on $37.50 from January 2, 1935, the date upon which the balance of the subscription price was payable, to June 30, 1935.
6. The statute provides that dividends may be paid half-yearly.
7. $5,000,000. See answer to No. 5.
8. No information.
9. None. The Bank of Canada Act requires that the bank shall act as fiscal agent of the Government without charge.

GOLD TAKEN FROM CHARTERED BANKS

Mr. MACKENZIE (Vancouver):

1. Of the gold taken over from the chartered banks by the Bank of Canada, what percentage has been fixed by the government as held for external obligations?
2. What is the total amount paid to the banks under this increased valuation?
3. How much has been paid to each bank?

Mr. RHODES:

1. The order in council determining the amount is being tabled.
2. Nil.

3. Nil. Gold held against liabilities elsewhere than in Canada was transferred at the standard value fixed by the Currency Act, subject to the condition that any profit arising from its sale by the Bank of Canada or from any change in the monetary standard of Canada, shall belong to the chartered bank. No profit has yet accrued.

ST. VINCENT DE PAUL PENITENTIARY—SUPPLY OF MILK

Mr. POULIOT:

1. Were tenders called for in 1935 in connection with the supply of milk at St-Vincent de Paul penitentiary?
2. If so, on what date, what are the names of the tenderers and the amount of each tender?
3. Was the contract awarded?
4. If so, to whom for what amount, and on what date?

Mr. GUTHRIE:

1. Yes.

2. March 19, 1935—Mount Royal Dairies Ltd., Montreal, 5,500 gallons at 30c. gallon; Donat Legris, St. Vincent de Paul, 5,500 gallons at 24c. gallon; Aldéric Desaultels, St. Vincent de Paul, 5,500 gallons at 24c. gallon; Elmhurst Dairy Ltd., Montreal, 5,500 gallons at 28c. gallon; Pierre Archambault, St. Vincent de Paul, 5,500 gallons at 25c. gallon.

3. Yes.

4. Aldéric Desaultels, St. Vincent de Paul, 5,500 gallons at 24c. gallon; April 3, 1935.

FOREIGN MONEY ORDERS

Mr. POULIOT:

1. Since 1930, could the public, at post offices, purchase money orders on foreign countries, and were such money orders handed directly to the purchaser on payment?
2. If so, until what date was such a policy in force?
3. Have the postmasters received instructions for some time not to hand the money orders to the purchaser but to give him a receipt only in lieu of the money order?
4. If so (a) since when; (b) why; (c) to what countries does such a policy apply?

Mr. SAUVE:

1, 2, 3 and 4. Post office money orders may be purchased on most foreign countries at all accounting post offices in Canada. The procedure in regard to the issuing to the public of post office money orders on foreign countries has not been changed since 1930, with the exception of post office money orders drawn on France. In accordance with the request of the French postal administration, the procedure in regard to the issuing of post office money orders on France was changed as from the 6th May, 1935. Instructions were issued on the 4th May, 1935, to postmasters, that effective the 6th May money orders were not to be handed direct to the purchaser but only a receipt was to be given to the purchaser. The amounts of the remittances are advised to the French postal administration and that administration issues new orders to the payeees.

CUSTOMS, EXCISE AND INCOME TAX REVENUE

Mr. FONTAINE:

What revenue was accrued each year, between 1921 and 1934 inclusive, from the following sources: (a) customs; (b) excise; (c) income tax?

Mr. MATTHEWS:

Fiscal year	(a)	(b)	(c)
1920-21	$179,695,137 72	$115,974,022 78	$46,381,824 31
1921-22	121,486,798 90	110,808,977 59	78,684,354 80
1922-23	133,804,924 08	144,253,669 92	59,711,538 37
1923-24	135,104,660 15	162,265,254 13	54,204,027 99
1924-25	120,239,864 60	125,573,856 25	56,248,042 82
1925-26	143,929,093 40	140,349,616 67	55,571,961 57
1926-27	158,966,368 54	154,415,171 97	47,386,309 22
1927-28	171,872,741 76	151,728,045 43	56,571,047 39
1928-29	200,479,339 38	148,805,787 82	59,422,323 25
1929-30	199,002,252 63	130,566,117 31	69,020,726 23
1930-31	149,250,771 60	97,277,511 83	71,048,022 05
1931-32	113,997,850 99	109,586,729 39	61,254,399 80
1932-33	76,669,764 74	123,477,515 50	62,066,696 84
1933-34	72,360,469 97	145,174,727 84	61,399,171 52

BUTTER IMPORTED FROM UNITED KINGDOM

Mr. FONTAINE:

How many pounds of butter were imported from the United Kingdom (a) in 1932; (b) 1933; (c) 1934?

Mr. HANSON (York Sunbury):

Calendar years—	Pounds
(a) in 1932	12,008
(b) in 1932	170,464
(c) in 1934	2,238,448

CANADIAN FARM LOAN ACT

Mr. SPENCER:

As the rate of interest on new loans being made under the Farm Loan Act is to be 5 per cent, is it the intention of the farm loan board to reduce interest to this figure on loans previously made?

Mr. RHODES: I would direct the attention of the house to the fact that this question contravenes the rules of the house in that it makes an allegation of fact. Furthermore, it also asks the farm loan board to disclose a decision before it has been reached.

Question dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WELLAND CANAL EMPLOYEES

Mr. BOULANGER:

1. What are the names, occupations and salaries of the persons employed by the government of Canada on the Welland canal?

2. What is the country of origin of each of the above persons?

3. How long had those persons been residing in Canada when they entered the public service?

Mr. MANION: I have stated already that part of this information is not available and in connection with what is available I should like to have the question passed as an order for return.

DEPARTMENT OF MARINE—DREDGES

Mr. WOODSWORTH:

1. (a) How many dredges were owned by the Department of Marine in 1928, 1929, 1930, 1931, 1932, 1933, 1934, and 1935; (b) what was the cost of said dredges?

2. (a) How many scows to attend the said dredges for the years 1928, 1929, 1930, 1931, 1932, 1933, 1934, and 1935; (b) what was the cost of said scows?

3. (a) How many tug boats to attend the said dredges for the years 1928, 1929, 1930, 1931, 1932, 1933, 1934, and 1935; (b) what was the cost of said tug boats?

4. What percentage of the dredging in the St. Lawrence river from Montreal to Quebec was given to private contractors?

5. (a) How many companies have tendered for the said dredging; (b) specify how many cubic yards in each section to be dredged; (c) how many cubic yards in each section have been dredged to date?

6. (a) Who makes the measurements; (b) who checks them for the Department of Marine; (c) who checks them for the general contractors?

7. (a) Have any dredges been sold to, or used by private contractors; (b) if so, what is the number?

8. (a) Have any floating scows or rock breakers or stone lifters been supplied to contractors; (b) if so, under what condition?

9. What was the cost to the Department of Marine of supervising the dredging done by contractors?

10. Were any dredges or scows sold by the Department of Marine to the Quebec harbour commission?

MOTIONS FOR PAPERS

DEPARTMENT OF PUBLIC WORKS—PAYMENTS TO WORKMEN ON VARIOUS WORKS

Mr. CASGRAIN:

1. The name of each workman or labourer engaged in the construction of a telegraphic system, east of Pentecôte, on the north shore of the Saint-Lawrence, in 1934.

2. The number of days each man worked.

3. The total amount paid to each man.

4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

Mr. BENNETT: Mr. Speaker, it is quite obvious that this return and the succeeding 21 returns would, if given effect to, involve the expenditure of large sums of money. It would be impossible to have these returns made during the present session of parliament. Usually information of this kind is obtained from the public accounts committee of the house because the auditor general's report sets out in detail the payments that are made. This is an unusual return to be asked for as it involves considerable toil and the expenditure of large sums of money for something which may not be of much public value. I do not know whether the hon. gentleman has considered his motion from the standpoint of the amount of labour and the expenditures involved but if there is any information he would like to have, the various files could be made available, which would represent the minimum of expense and labour. Possibly he has not thought of this matter from that standpoint, if he has, well and good, if he has not, I should like him to do so.

Mr. CASGRAIN: Mr. Speaker, with your permission I should like to say a word or two. I do not think there would be much work involved in making these returns. I am only

asking for the list of employees and the wages paid. I have been given to understand that on many of these works only a few men have been employed and in many instances the time of construction was quite short. A few years ago, I made a motion for a return involving the production of correspondence and other records and I think the Prime Minister (Mr. Bennett) would be quite right in opposing such a motion as it would have involved considerable work. But this motion is different, it involves only the production of a simple sheet of paper giving the names of the workmen and the amounts they have received.

Mr. BENNETT: If the hon. member desires to press his motion, it is the duty of the house to see that he gets the information that he seeks. I am only pointing out to him what it will involve in the way of the expenditure of public money.

Motion agreed to.

On motion of Mr. Casgrain the following returns were also ordered:

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1. The name of each workman or labourer engaged in repairing the public building, at La Malbaie, county of Charlevoix, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in repairing and painting the public building, at Baie St-Paul, county of Charlevoix, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in dredging at the Imbeau dry dock, at Tadoussac, county of Saguenay, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in the construction of the extension to the wharf at Baie St-Paul, county of Charlevoix, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in the construction of protection works at Baie St-Paul, county of Charlevoix, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in the construction of the extension to the wharf at Beaupré, county of Montmorency, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in repairing the wharf, at Cap à l'Aigle, county of Charlevoix, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in repairing the wharf at Dolbeau (Grosse Roche), county of Charlevoix, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in removing an obstruction in the canal, at Grandes Bergeronnes, county of Saguenay, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer engaged in repairing the wharf at Les Escoumains, county of Saguenay, in 1934.
2. The number of days each man worked.
3. The total amount paid to each man.
4. The date on which the Department of Public Works or the local foreman or superintendent of the said works paid each of the said workmen or labourers engaged in the said works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at Mille Vaches, Saguenay county, in 1934.

2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection wth such works.

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1. The name of each workman or labourer who worked in connection with the removal of stone at Petit Saguenay, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at Petite Rivière Romaine, Saguenay county, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the extension and repairs to the wharf at Pointe-au-Pic, Charlevoix county, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the construction of the breakwater at Pointe-aux-Anglais, Saguenay county, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at Pointe aux Outardes, Saguenay county, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at Port au Saumon, Saguenay County, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at Sept Iles, Saguenay county, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at Ste-Anne de Beaupré, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who worked on the repairs to the wharf at St.-Irenée, Charlevoix county, 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

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1. The name of each workman or labourer who was employed in connection with dredging operations carried out at Sault-au-Mouton, Saguenay county, in 1934.
2. The number of days worked by each such workman or labourer.
3. The total sum received by each such workman or labourer.
4. The date on which the Department of Public Works or the local foreman or superintendent of works paid each such workman or labourer employed in connection with such works.

RIVIÈRE OUELLE QUE. WHARF

Mr. BOUCHARD:

For a copy of all correspondence, documents, letters, telegrams, tenders, reports of investigation, paylists and invoices in the possession of the dominion government since 1931 in connection with repairing the wharf at Rivière Ouelle (Pointe aux Orignaux), county of Kamouraska.

Mr. BENNETT: There is a reservation which I have endeavoured to secure with respect to returns of this character. It concerns the confidential reports which are made and should not be produced until they have been embodied in some report.

Motion agreed to.

STE-ANNE DE LA POCATIÈRE QUE. WHARF

Mr. BOUCHARD:

For a copy of all correspondence, letters, documents, telegrams, reports of investigation, paylists and invoices in the possession of the dominion government in connection with repairing or improving the wharf at Ste-Anne de la Pocatière, county of Kamouraska, during the calendar years 1934 and 1935.

Mr. BENNETT: There will be the same reservation in connection with this motion.

Motion agreed to.

FARMERS' CREDITORS ACT

On the orders of the day:

Hon. E. H. RHODES (Minister of Finance): The other day the hon. member for Provencher (Mr. Beaubien) submitted a question with respect to instructions, if any, which had been issued to receivers under the Farmers' Creditors Arrangement Act. I find that they have been specifically instructed not to call meetings, but they have been asked wherever possible to attend meetings held by farmers' organizations or boards of trade or municipal organizations or other public organizations of a similar character with the sole object of explaining the purposes, objects and operation of the act.

Mr. BEAUBIEN: Have they been instructed to invite farmers to come in under the act?

Mr. RHODES: No, unless making the farmers aware of the nature of the act might be termed an invitation; they are not instructed to solicit.

GLOUCESTER RETURNING OFFICER

On the orders of the day:

Hon. C. H. CAHAN (Secretary of State): In connection with the suggestion made by the hon. member for Gloucester (Mr. Veniot) as to the political activities of the returning officer for Gloucester, I desire to state that I am making inquiries into the facts and will reply later on.

Hon. PETER VENIOT (Gloucester): I based my statement upon what I saw in the press.

Mr. CAHAN: Naturally before the Secretary of State can take any definite action, he also should inquire into the matter.

REVALUATION OF GOLD RESERVES

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): On May 29 the hon. member for Vancouver Centre (Mr. Mackenzie) submitted to the Prime Minister a question with respect to an order in council as to the valuation of gold. I desire by leave of the house to table a copy.

DOMINION NOTES ACT

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): Yesterday the hon. member for New Westminster (Mr. Reid) submitted a question as to whether the Dominion Notes Act had been repealed. It has. Both the Dominion Notes Act and the Finance Act were repealed and proclamation was accordingly issued in the Canada Gazette as of March 11.

Mr. MACKENZIE (Vancouver): What was the date of the repeal?

Mr. RHODES: The date the Bank of Canada came into operation.

CANADIAN GRAIN BOARD

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Having in mind what was said by the Prime Minister some days ago and what now appears on the order paper, I assume that the house has before it notice at least of practically all the legislation which the government intends to introduce before the close of the session. I wish to say to my right hon. friend that if, with respect to one or two of these matters, we were aware of the intention of the government, I think it would be possible for us to expedite the proceedings of the house with a view to having them brought to a close at a fairly early date. There is one resolution which was placed on the order paper by the government on March 4; it has reference to the establishment of a Canadian grain board. I might say that the

members on this side have refrained from questioning the government with respect to this particular resolution, appreciating the fact that there are many circumstances which will have to be very carefully considered and that the whole situation is a very delicate one. I think, however, it is advisable, that there should be, owing to its importance, a full discussion of the situation, before the house rises. I therefore ask my right hon. friend at once if he is in a position to say whether or not the government intends to proceed with the resolution, and whether we may expect that an opportunity will be given at a fairly early date to discuss the matters related thereto.

Right Hon. R. B. BENNETT (Prime Minister): I appreciate the terms in which the right hon. gentleman has spoken and his desire and that of his associates to expedite the business of the house. If it will be satisfactory, barring unforeseen circumstances, we will proceed with the grain board resolution on Monday next as the first order of business. I think the desire was to get through with as many of these, shall I say, more formal matters, and to proceed with this one as soon as possible. I would have proceeded with it before, but as the right hon. gentleman knows unforeseen circumstances in connection with the illness of many people have had their effect—not my own illness particularly but that of others as well. If, therefore, it is quite satisfactory, we will proceed with the resolution on Monday.

Mr. MACKENZIE KING: Thank you.

CANADIAN FARM LOAN ACT

On the orders of the day:

Mr. THOMAS REID (New Westminster): Can the Minister of Finance tell me whether an official has been appointed for the province of British Columbia under the Farm Loan Act? If so, when was the appointment made and to whom was it given?

Hon. E. N. RHODES (Minister of Finance): I should not care to rely on my memory and give an answer at the moment. I will reply to-morrow.

COOPERATIVE SOCIETIES

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): With respect to the question asked by the hon. member for Bow River (Mr. Garland) yesterday, the provisions of the Marketing Act as amended at the present session meet the recommendations of the price spreads commission.

HOUSING COMMITTEE'S REPORT

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May we expect legislation implementing the report of the housing committee?

Right Hon. R. B. BENNETT (Prime Minister): there is a resolution on the order paper with respect to it. The resolution will indicate the extent to which the government is prepared to go at the present session and the legislation will amplify that more fully.

GRADE CROSSINGS

On the orders of the day:

Hon. R. J. MANION (Minister of Railways): The hon. member for West Middlesex (Mr. Elliott) has been asking a number of times regarding grade eliminations. I have the information he desires. It is to the effect that since the first of January, 1933, twenty-two crossings or forty-one per cent of those eliminated were urban and thirty-two or fifty-nine per cent were rural. In Hansard of yesterday I gave the hon. gentleman some information but unfortunately the figures were turned round by mistake. The correct division should have been seventy per cent rural and thirty per cent urban; the figures were reversed in Hansard by mistake.

Mr. ELLIOTT: Would it be convenient to get a list of the crossings—the locations?

Mr. MANION: I will endeavour to do that.

ROYAL CANADIAN MOUNTED POLICE

SEIZURE OF SCHOONER PAUL T.—DISCREPANCY BETWEEN ANSWER TABLED AND ANSWER HANDED TO MEMBER

On the orders of the day:

Hon. R. C. MATTHEWS (Minister of National Revenue): On May 28, on the orders of the day, the hon. member for Gloucester (Mr. Veniot) drew my attention to a question asked on January 17 last, relative to the seizure of the schooner "Paul T", and referred particularly to the discrepancy between the official answer to the third part of his question, as tabled in the house on January 24 and appearing on page 157 of Hansard of that day, and the answer which was handed to him by officials of the house. I was absent from the house and was not in Ottawa in the month of January when this question was answered and consequently was not in a position to discuss the matter when my hon. friend referred to it a few days ago.

However, I have now made very careful inquiry and have ascertained that an answer to the hon. member's question was prepared in the department in the usual way. On being reviewed, prior to tabling in the house, it was felt that the answer to the third part of the question might not be considered quite adequate and accordingly a new answer was prepared in the form in which it appears in Hansard. The only reasonable explanation I can offer for the delivery to my hon. friend by officials of the house of the copy of the answer as originally drafted rather than as finally tabled is that in tabling the official answer a copy of the original draft must have been inadvertently attached thereto. In these circumstances I can merely express my regret for the incident and for any inconvenience it may have caused my hon. friend.

Hon. P. J. VENIOT (Gloucester): On a question of privilege, Mr. Speaker, may I say that I am prepared to accept the explanation of the Minister of National Revenue, because I realize that at that time he was incapacitated through illness and perhaps could not give that attention to the matter which it required. But the explanation as to how the official answer, which after all is the official document, reached my hand, is not satisfactory. Under standing order 44, (2) (b) provides:

> If a member does not distinguish his question by an asterisk, the minister to whom the question is addressed hands the answer to the Clerk of the House, who causes it to be printed in the official reports of the debates.

The answer sent to me through one of the pages, after it had been placed on the table, had no attachment whatever to it; it was the simple answer usually given and with the minister's name attached to it. The answer as it appears in Hansard could not have passed through the hands of the officials of this house. If it had, that would have been handed to me. It was not handed to me. The only document that passed through their hands and that was handed to me in answer to the third question contained this reply: "No specific instructions."

The question arises: How did this additional or improved answer, after the department had made the first answer and considered it not sufficiently full, reach Hansard? It is due to the house, as a protection which every member has a right to have, that any answer handed officially to any member should not be other than that which appears in Hansard. I claim as a privilege not only to me but to every hon. member and we have a right to find out how it is that that document got into Hansard in the way it did. It never, I am informed, passed over the tables of the house in that shape. It passed over the tables of the house only in the shape in which it was handed to me.

When that answer was handed to me, I considered it very serious, and based upon it, a few days later I made a certain charge in the house. That charge was investigated. I am not going to discuss to-day the process of that investigation; I shall do so at some future date. Had I received the answer that appeared in Hansard which pointed out that the vessel in question had been seized by the provincial government and afterwards handed over to the dominion authorities for action on the part of the preventive service or the Department of National Revenue, I would have hesitated to make the statement I made in the house. When I got the plain and straight answer that no specific instructions had been given for the destruction of the food stores, I felt justified, with the information in my possession, to make the charge I did.

Later on I am brought face to face with what appears in Hansard, an answer that never was given on the floor of the house, and it is demanded of me to prove the charge in the face of the answer that was given in the house as appearing in Hansard, when that answer, I repeat, was never given here. This is not treating an hon. member in an honest, fair and equitable way; when such a thing is allowed to take place, how can we depend upon the truthfulness of Hansard as it appears as an official record of this house? Is it possible to depend upon Hansard in the future if such tactics as those are allowed to take place in the House of Commons? Under those conditions I must protest and I must ask that further information be given to the house as to how that answer got into Hansard instead of the one that was officially given to me across the table.

Hon. C. H. CAHAN (Secretary of State): The hon. member for Gloucester has made a suggestion which involves me as Secretary of State.

Mr. VENIOT: I made no suggestion at all; I stated the facts.

Mr. CAHAN: That is what I am dealing with.

Mr. VENIOT: Well, deal with the facts.

Mr. CAHAN: That is what I am dealing with, but there is another side to those facts. The Minister of National Revenue (Mr. Matthews) was absent during a period of several weeks, and during that time the documents which he had to submit to the house were sent to me to be submitted. On a cer-

tain date which I have forgotten, three copies of an answer were given to me by his private secretary to lay on the table of the house. I did not send across the table any reply to the hon. member for Gloucester.

Mr. VENIOT: I did not say the hon. member did.

Mr. CAHAN: I remember distinctly that three copies of the answer were included together with a binder or a pin as I handed them in. It appears that one of those copies was a first draft of an answer prepared in error which had been discarded, but what was handed in by me to the Clerk of the House was undoubtedly sent to Hansard by the clerk. The difficulty arose by reason of the fact that what was handed to the hon. member for Gloucester was a first draft which had been submitted to me some time before and which I had asked to have revised. The mistake was entirely one on my part, for which I have to take responsibility. There were no tactics concerning the matter; it was simply that I handed to the Clerk of House a copy for his records, a copy for Hansard and what I believed to be the same copy to be handed to the hon. gentleman.

Mr. VENIOT: It was very conveniently given to me.

Mr. CAHAN: It was given to the hon. member as a matter of courtesy because I am not bound to hand in three copies. I am bound to lay on the table of the house one copy, but since I have acted as Secretary of State, as a matter of courtesy, I have annexed two copies to the official return, one for the member proposing the question and one copy for the convenience of Hansard.

Mr. VENIOT: It has always been the practice in the house to hand in three copies.

Mr. CAHAN: That may be, but I have seen that that practice is not always followed. However I have adhered to it strictly. If any mistake was made, it was entirely inadvertent and there were no tactics indulged in. The reply which I had signed with my own signature was the one which was sent to Hansard and which was published there. I regret very much if any inadvertent mistake of mine has caused the hon. gentleman inconvenience, but if he had looked at Hansard on the following day he would have seen what the official reply was.

Mr. VENIOT: I really think I ought to be allowed some latitude in this matter as I am the party who has been affected and has suffered on account of it. The Secretary of State says that I should have looked at Hansard on the following day to see what the official reply was. Why should I be called upon to look at Hansard when I have the official answer and have placed it upon my file? That is what I relied upon. May I say also that unrevised Hansard is not accepted in evidence as proof and, as an unrevised edition of Hansard, it is not an official document until after a certain period. I did not look at Hansard; it has not been my habit to scan Hansard every day. Even when I make a speech, I very seldom read it over in Hansard. Perhaps it would have been better for me had I adopted the practice of reading over in Hansard everything I had said or that others had said in which I was interested. By doing so I would perhaps have discovered errors that creep into the reports of things I have said in this house, inadvertently no doubt by the reporters, which reports I should have looked at myself in order to have corrected. I repeat that I received what was given to me across the table of the house, handed to me in the usual way which has been the practice for years and years. I accepted it, as every hon. member would have done, as the official record of this house, and when the Secretary of State says that he had three copies it is very clear that the only copy that was wrong was the one that was handed to me. I am not attempting to blame him, I do not know who is to blame, but I repeat that an injustice has been done to me personally and to the members of this house in general, and I claim that the matter should in some way be rectified. I do not accept the explanations given here this afternoon as sufficient to justify what was done.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the observations made reflect upon the conduct of the business of the house. The question divides itself into two branches; first, was there a question asked by the hon. member for Gloucester (Mr. Veniot); second, was it answered. The records show that the question was asked, and that it was answered by the Secretary of State. The answer given appears in Hansard. Two copies of the answer were handed to the clerk of the house; one for Hansard, one for the clerk. One other copy, which has no bearing upon the official position in the house at all, was handed to the hon. member for Gloucester. It was his business to see that the official record and what he had in his hand were the same.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Pardon me, the rules of the house are clear, that the official answer to that question is in Hansard—

Some hon. MEMBERS: No, no.

Mr. BENNETT: —and nowhere else.

An hon. MEMBER: Cheating!

Mr. BENNETT: I heard an hon. gentleman say "cheating," but that is not cheating. If he will reflect he will see that the only official records are the Votes and Proceedings and Hansard itself. Hansard is the official record of this particular matter. To contend that because he received something that was not in accordance with what appeared upon the official record of the house is a violation of the rules of the house, is incorrect. If there is any question I shall, of course, direct that an inquiry be held to see if the record in Hansard is the record handed in by the minister in answer to the question. If it is, that settles the question. If the hon. gentleman received something that was not quite in accordance with the answer, that cannot be blamed against the house nor the conduct of the business of the house. But in his first statement this afternoon the hon. gentleman charged that Hansard could not be relied on—

Mr. VENIOT: No, I said if this is to continue. Do not put words in my mouth that I did not say. I have enough to bear now, I will not stand for that, even from the Prime Minister of Canada.

Mr. BENNETT: Well, the hon. gentleman says that he will not stand for that. If I have done him any injustice in what I said I certainly desire to withdraw it. I heard what he said very distinctly. I say, if there is any question as to the accuracy of Hansard in transcribing the question in the terms in which the answer was given, we will have an inquiry without delay. That is the real issue, whether or not the official record of this house correctly represents the answer given to the question. If it does, then it is purely a matter, as the Secretary of State has explained, between himself and the hon. member for Gloucester. That is all that there is about it.

Mr. MACKENZIE (Vancouver): The question is, why two answers were given.

Mr. BENNETT: No, not two answers, one answer. With all deference, if the hon. member will reflect a moment he will see that there could be only one answer given—

Mr. MACKENZIE (Vancouver): There should have been one, there were two.

Mr. BENNETT: —that was the answer in Hansard. If what is handed across the table happens not to agree with the official answer that is unfortunate, but it does not change the fact that the official record is Hansard.

But all I rose to say is that in view of the observations concerning Hansard it becomes necessary that there should be no question of the position of the Hansard reporters and the accuracy of the record. I shall endeavour to secure the original and have it brought to the house, and after that make a statement as to whether or not it accords with the answer upon the pages of Hansard or whether there has been any alteration or change.

Mr. MACKENZIE (Vancouver): May I interrupt? I understood the Secretary of State to say that the previous statement from the department was discarded. That proves my suggestion that there were two answers—

Mr. CAHAN: No, Mr. Chairman—

Mr. BENNETT: I have the floor. In chapter 4 of Beauchesne's Parliamentary Rules and Forms, on Questions, section 2, paragraph (b) reads:

> If a member does not distinguish his question by an asterisk, the minister to whom the question is addressed hands the answer to the Clerk of the House who causes it to be printed in the official reports of the debates.

The issue, therefore, is, was that answer that was printed in the record handed to the Clerk of the House? In view of the observations that have been made as to the accuracy of that I propose to direct an inquiry to ascertain if that is so. If it has been, the rules of this house have been strictly complied with.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I do not think there is any question about the accuracy of Hansard, having regard to what the hon. member for Gloucester himself has said. Is not the issue rather whether the hon. member for Gloucester was not justified in regarding as the same answer as appeared on Hansard the one which came to him from the same source as that from which Hansard received its answer? The good faith of the hon. member for Gloucester in accepting what came to him from the government as being the same as what the government had handed to Hansard cannot be questioned. I do not think there can be any doubt that he accepted what he received in good faith, and was so entitled to view the matter; and there can be no doubt, from what the Secretary of State has said, that what was handed to him was handed to him in error, and was not the same as was given to Hansard.

Mr. CAHAN: No, it was the first prepared answer; which I read over, and, as I was not satisfied with that answer, I sent it back to have that answer reconsidered. Subsequently, I think on the following day, there was sent to me by the department the answer which was the official answer of the department. Now it would appear that on my desk here my papers may be somewhat confused, but when I give an answer I must take the responsibility for it. I handed to a page for the Clerk of the House the official answer signed by me, because I always sign the original copy; and as I picked up the other two copies I inadvertently picked up one of the copies that I had previously discarded. That was an inadvertence, there were no tactics about it, there was no design, and no one could regret more than I that in dealing with these documents I apparently inadvertently annexed one of the four copies which I was discarding to the official copies which I handed in on that occasion.

Mr. MACKENZIE (Vancouver): May I ask a question? Was the discarded answer prepared by an official of the Department of National Revenue?

Mr. CAHAN: The first reply which came to me was prepared by the department.

Mr. MACKENZIE (Vancouver): That is enough, that proves everything.

Mr. CAHAN: But in these cases it is my duty as Secretary of State to examine these replies to see whether they conform to the request, and I endeavour to do so in each case. Day after day when answers and reports come to me from various departments, if I think they are not comprehensive enough, or, if by some inadvertence a mistake occurs, I send them back to the department for revision, because the official report which is handed in is signed by me as Secretary of State, and I have to take full personal responsibility in respect to it.

B.C. RELIEF CAMP STRIKERS

On the orders of the day:

Mr. S. W. JACOBS (Cartier): I should like to ask the Minister of Labour (Mr. Gordon) if he has any information to give the house with respect to the march on Ottawa of the relief camp strikers from British Columbia. I am prompted to ask the question by a statement which appeared in the Canadian Press this morning to the effect that the mounted police expect to get in contact with the vanguard of the strikers at Kamloops. As this is a matter of considerable importance to the country I should like to know the answer.

Hon. W. A. GORDON (Minister of Labour): The only information the Department of Labour has with respect to the so called trek of strikers is what appears in the press. So far as I am aware no communication has been received by the department from any official or unofficial source.

Mr. JACOBS: May I point out that the press dispatch states that the mounted police in British Columbia are watching the movement. Have the government any information in that regard?

Mr. GORDON: I have no doubt the hon. member is aware that very likely the mounted police, in the course of their duties, would watch such a performance as these men apparently are staging, but so far as the Department of Labour is concerned we have no official knowledge of it.

FEED AND SEED GRAIN EXPORTS

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I should like to direct a question to the Minister of Agriculture (Mr. Weir), and if he has not the information I suppose he will be able to obtain it. How much hay, straw, feed and seed grain left each of the western provinces during the past season for the United States?

Hon. ROBERT WEIR (Minister of Agriculture): The information requested by the hon. member for South Battleford (Mr. Vallance) is not on the records of the Department of Agriculture; I doubt if all the information is on the records of the Department of National Revenue. Some of it should be there, however, and I shall gladly direct my hon. friend's question to the attention of my colleague the Minister of National Revenue.

CUSTOMS TARIFF AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 83, to amend the customs tariff.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Extension of most favoured foreign nation treatment.

Mr. RHODES: When we were in committee on the resolutions certain information was

sought by several hon. members which I promised to give when the bill was in the committee stage. The first question was by the hon. member for Macleod (Mr. Coote), who wanted the latest statistics with respect to the aeroplane industry in Canada, available from the bureau of statistics. These are for the year 1933, in which year the value of production in Canada was $103,532, and the aircraft produced numbered thirteen. Supplies and parts produced were valued at $102,863. Then my hon. friend from Shelburne-Yarmouth requested certain information as to the imports of fasteners dealt with under item 451e of the tariff. I find that it is not possible to segregate fasteners of the hookless or zipper type from other fasteners, clasps, buckles and so on. The only data available is that covering the entire item 451. Imports of zipper fasteners, therefore, were a part of the total thereunder. In 1933-34 that total amounted to $221,285.

Mr. RALSTON: Is that the production?

Mr. RHODES: No, the importation. For 1934-35 the importation totalled $285,302. These imports were made up as follows:

	1933-34	1934-35
United States	$147,902	$148,159
Czechoslovakia	12,718	64,443
United Kingdom	51,537	60,028
Germany	3,429	5,943
Belgium	4,091	5,083

A further question dealt with the number employed in the industry in Canada. According to the information supplied by the Dominion Bureau of Statistics production figures for zipper type fasteners are available, and the bureau gives such data for the calendar year 1934 as follows: Number of employees, 115; salaries and wages, $123,815; value of product, $319,979. Three firms reported the production of such fasteners, and the data quoted is derived from their returns to the bureau. The hon. member for South Perth (Mr. Sanderson) submitted a question with respect to the same article; he queried as to whether the three firms or companies in Canada were or were not under one control. My information is that the plants are not under one control and, further, that the plants are not working under the same patent.

My hon. friend from Shelburne-Yarmouth (Mr. Ralston) also wished me to furnish information as to the number of tariff items in the budget affected as the result of reports of the tariff board. I have the list here, as follows:

Item	Commodity
39	Starch
39d	Resin sizing
65a	Diabetic breads
66a	Biscuits
199e	Caps or hoods of paper
232e	Cereal products (as adhesives)
255	British gum or dextrines
362b	Toilet articles
384	Skelp
386r	Cold rolled strip
401d, 402c	Certain gauges of fence wire
451, 451e	Certain fasteners and clasps
506b	Wooden doors
554b, 556a, 556b	Wool fabrics
569 (all sections)	Hats and hoods
571a	Cocoa mats and matting
603	Fur skins
1024	Drawback item on wire rods

These total twenty-eight items. I think this covers all the questions which were submitted to me when we were in committee on the resolutions.

Mr. RALSTON: Mr. Chairman, I just want to say a word to gather up the information which my hon. friend has given with regard to item 451e, slide, hookless or zipper fasteners, on which the duty has been increased ten per cent. My hon. friend gave the number of employees in this industry in 1934 as 115, and the amount of wages paid as $123,815. There were imported into Canada in that year $285,000 worth of these goods, and there were made in Canada $319,000 worth, a total of $604,000. Taking that total amount at twenty per cent, which I think was the rate of duty then, would mean that the people of Canada have paid practically the full wage bill of the industry in increased prices. In other words, whoever the firm or firms are, they have received in increased prices practically the full amount of their wage bill, and by increasing the duty another ten per cent it means that as against a wage bill of $123,000 in 1934 they would receive with the new rate of duty $180,000 in increased prices. The minister may say that I am unfair in that I am including in that figure the amount of goods which were imported. Perhaps I should not say that the amount which the firms receive will be increased by that figure; the amount which would be paid in increased prices by the people of Canada would be $120,000 under the present tariff and $180,000 under the proposed increase, a portion of which would go into the treasury of Canada, but the greater portion of it would go to the firms who are making this commodity. I submit that there should be the strictest inquiry as to the value of the industry to Canada as compared with the amount of taxes which are imposed on

Canadian consumers in order to keep up this industry by means of the increased protection granted.

Mr. RHODES: Mr. Chairman, one could discuss at length the question to what extent the statement of my hon. friend is true, that the purchaser or importer pays the duty. If my hon. friend is right in assuming that the duty is in all cases paid by the purchaser or importer, then his statement upon that point would hold good, but as my hon. friend knows, it by no means follows that because the duty is twenty per cent or any other percentage it is paid entirely by the purchaser or importer. My hon. friend no doubt knows, as I do myself, of cases where the importer pays not a cent of the duty, and of other cases where it is divided. But I do not think this is the particular place to debate the point. I only wish to say to my hon. friend and to the committee that whether the decision qua tariff with respect to this item is right or not it is after all based upon the finding of the tariff board after exhaustive inquiry and report, and the basis of their finding, as evidenced by their report, was the relative cost of production of the same commodity in other countries as compared with the cost of production in Canada. Having said so much, in view of the statement which I made before that it has been the policy of the government to implement the findings of the tariff board in all instances, I think nothing further need be said. In other words, we must assume that the tariff board is properly performing its functions, and that being so, I do not want to go behind their findings. Having confidence in the board I propose to pursue in the future the course I have followed in the past of accepting their reports and implementing them by legislation.

Mr. BROWN: A few days ago when the house was being moved into supply I mentioned some complaints that had been made against the rulings of the Department of National Revenue, and the Prime Minister (Mr. Bennett) said on that occasion that I would have full opportunity to discuss the matter later. Neither the Minister of National Revenue (Mr. Matthews) nor the Minister of Finance (Mr. Rhodes) was in the house at the time. I regret that the Minister of National Revenue has just left the chamber, but I might draw attention—

Mr. RHODES: Mr. Chairman, I am quite willing that my hon. friend from Lisgar should bring the matter up now, but it might perhaps be more in order for him to submit it on Bill No. 82, amending the Excise Act, which deals amongst other things with matters of administration in the Department of National Revenue. I do not, however, take exception to my hon. friend bringing the matter up now if the chairman does not.

Mr. BROWN: I am quite willing to meet the minister's pleasure, but I hope that the Minister of National Revenue will be in the house at the time.

Mr. RHODES: I shall endeavour to see whether my colleague can be present when the matter comes up.

Mr. POULIOT: I was told this afternoon that the government secured information from the tariff board in regard to the increases and decreases in duty that have taken place since 1930, but as the announcement of the appointment of the personnel of the board was not made in this house until February, 1933, may I ask the Minister of Finance who advised the government in regard to the increases and decreases in the tariff that took place from August 1, 1930, until the tariff board was appointed in February, 1933?

Mr. RHODES: The government must take full responsibility for any changes it initiates, and I have no hesitation in saying that the government is quite prepared to undertake that responsibility.

Mr. POULIOT: I understand that very well, but during the period mentioned did the members of the government inform themselves through any other agency or organization than the tariff board with regard to the tariff increases and decreases it enacted?

Mr. RHODES: There are permanent officials of the department with wide experience and great knowledge whose services are always available and are always availed of by the government, and I think that statement holds true not only with respect to this government but with respect to preceding governments.

Mr. POULIOT: But how did they get the information? They must have got it from someone. From whom did they get it? From the manufacturers, or from consumers?

Mr. RHODES: I cannot answer that question. Obviously there are numerous sources of information available—statistics of imports and exports and of manufactures. A thousand and one details are all a matter of record in the department and they may be obtained from numerous sources.

Mr. REID: Has the minister looked into the question of the sales tax on the peat

industry in British Columbia? The last time this measure was under consideration I appealed to the minister regarding the six per cent sales tax as applied to peat moss.

Mr. RHODES: More properly my hon. friend's question would come under the war revenue bill, when we are dealing with the sales tax. At the moment I cannot rely on my memory as to the precise status of the matter. My recollection is that it has not been dealt with, but we shall know when we come to deal with the war revenue bill.

Mr. COOTE: When the budget resolutions were before the committee I took advantage of that fact to urge a reduction of the tariff on aeroplanes. Since then I have received a letter from Fairchild Aircraft Limited in which they seem to feel that some of the statements made here were not quite fair to that particular company, and in fairness to the company I should like the privilege of quoting briefly two or three paragraphs from their letter. They say:

> We note in the press your remarks made in the House of Commons on May 31, in connection with the tariff as applied to aircraft. We read these with great interest, as it is gratifying to know that the part which aircraft can play in the development of Canada is being recognized. There are one or two points on which you have however been misinformed, and we take the liberty of submitting for your consideration a brief description of the activities of this company, which is but one unit of the Canadian aircraft industry.
>
> With the exception of engines, we completely manufacture in every detail aircraft designed by our own engineering staff, and we believe the aircraft we produce are better suited to Canadian flying conditions than any obtainable elsewhere.
>
> We have been in continuous operation since 1930 and at the present time employ 135 men. The payrolls for 1934 totalled $81,000 and we expect this figure will be doubled this year.

I asked the minister if he could give us any information with regard to the production of aeroplanes in Canada during the last two years but he did not have the information before him. He has given us the figures for 1933 and I have put part of this letter on Hansard so that this company might know that I did not intend to misinform the house in connection with the development of the industry in Canada. A few days ago I was asked the price quoted by the Bellanca aircraft company for one of their machines. I did not have the information before me but for the benefit of the hon. member who asked the question I should like to quote a paragraph from a letter I received from this company, as follows:

> Enclosed are specifications for the latest type of Bellanca pacemaker, using a Wright engine. You will note that the horsepower is 420 and not 340. These are the latest developments and give comparative performance characteristic of all Bellancas.
>
> The price as a convertible land-seaplane, including Edo pontoons with all fittings and including all taxes, flyaway Montreal, is $29,310.

I wanted this information to appear on Hansard for the benefit of hon. members who are interested.

Mr. DURANLEAU: I am glad the hon. member has made this statement in connection with the Fairchild Aircraft Limited factory which is located in my constituency. I was not in the house the other day when my hon. friend made the statement that the aeroplane factories in Canada were only assembling plants or I would have corrected him. Fairchild Aircraft Limited have been building aeroplanes for many years on the south shore of the St. Lawrence. They have a complete plant and they build the whole machine with the exception of the engine. They employ between one and two hundred people all the year round.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Power to restore duties which have been reduced on liquors.

Mr. KENNEDY (Peace River): Is this the first time an attempt to control prices in the interests of the consumer has been made under the provisions of the customs tariff?

Mr. RHODES: The matter of dealing with duties by order in council is not new but this phase is new. It is introduced merely for the purpose of ensuring that the object of the reduction in the duty will be fulfilled. Otherwise we would be in the hands of the provincial liquor commissions which might set at naught the reductions made.

Mr. BROWN: Can the minister give us any assurance that the reduction in the excise and the customs duty on liquors will secure the result which he hopes to secure, the stopping of bootlegging? Can he tell us that or is it all a matter of guesswork as to just what the result will be?

Mr. RHODES: I am surprised at such a consistent exponent of the doctrice of lower duties and freer trade asking whether a reduction in duty will mean a reduction in the cost of the article. We believe that if the price of liquor is placed at a figure where the ordinary man who desires to purchase feels that he is able to do so, he will prefer to purchase sound liquor from a legitimate source such as a liquor commission rather than to run the risk of buying an unsound

commodity through illicit channels. While I do not believe we have gone far enough, to the extent to which we have gone I think we will contribute to eliminating the illicit sale and purchase of liquors.

Mr. RALSTON: I should like to revert to section 3. If this section is invoked for the purpose of reducing duties, is it the intention of the government to bring to parliament for ratification any trade agreement which embodies those reductions in the tariff?

Mr. RHODES: As my hon. friend is aware, if it is a full treaty it comes to parliament as a matter of course, but I believe the practice in the past has been not to bring to parliament those matters which are dealt with by order in council under section 11.

Mr. RALSTON: I cannot speak with authority as to the practice in the past but I submit that it is the constitutional practice to bring to parliament any treaty or agreement which affects statutory provisions. I understand that there is a blanket provision here which permits the reduction of duties but at the same time I have always understood that trade agreements were brought to parliament as a matter of constitutional practice.

Mr. RHODES: Yes, or treaties.

Mr. RALSTON: Ratification is asked for as a matter of constitutional practice although possibly not as a matter of strict legal necessity.

Mr. RHODES: Concessions have been made by order in council which were not brought to parliament for the purposes of ratification, although parliament is entitled to the information. The action taken by order in council by virtue of this section is operative but it is always subject to the overriding action of parliament. Do I understand my hon. friend to suggest that in all cases the action taken should be brought to parliament for ratification?

Mr. RALSTON: I am distinguishing constitutional practice from legal necessity. I understand that trade agreements and trade treaties are brought to parliament for ratification as a matter of course notwithstanding the fact that the governor in council might have the power under some blanket authority such as section 11 to conclude an arrangement for the reduction of duties. I want to know if that practice will be followed.

Mr. RHODES: I think my hon. friend and I are in agreement as to what is the strict constitutional or legal condition with respect to trade treaties or agreements, and I shall not discuss that matter at the moment. That is the practice which was obtained, that is the practice which should obtain and that is the practice which will be followed. Beyond that there are certain actions taken by order in council which are neither trade agreements nor treaties. In the past these matters have not been brought to parliament for ratification, though parliament should have the information; but I can assure my hon. friend that it is our purpose to adhere strictly to the practice which has obtained hitherto with respect to treaties and trade agreements.

Mr. RALSTON: Can the minister mention any instance in which it has not been done?

Mr. RHODES: For example, we passed to Australia and South Africa under this section by order in council concessions by way of reduction in duty as a result of the operation of the French treaty. That would be a case in point illustrative of what I had in mind when I spoke of action other than by trade treaties or trade agreements.

Mr. RALSTON: I do not think that would be under section 11 because under this section the provision is that the governor in council may reduce duties by way of compensation for concessions received from the particular country in whose favour the duties are reduced, and the application of the French treaty provisions to Australia would not bring it within that category.

Mr. RHODES: In that case there was a specific concession on the part both of South Africa and of Australia.

Mr. RALSTON: As regards the amendment made by section 3, whereby the word "concessions" is introduced, has the minister anything particular in mind in that respect? What is the nature of the concessions other than reduction in duties which it is contemplated might permit the governor in council to take action under section 11.

Mr. RHODES: Australia would be a case particularly in point. We could not strictly say in that instance that they had reduced the duty, which would enable us to make a corresponding reduction here, but they gave us a concession by way of margin which was one of real value to us, though strictly speaking it was not a reduction in duty. That is why there is this amendment. It is really, in a sense, widening the spirit of the section—perhaps that is not the correct language. It

is carrying out the intent and purpose of the section, but changing the verbiage to meet the condition I have referred to.

Mr. RALSTON: What I had in mind was whether or not a concession by way of a treaty respecting the St. Lawrence waterways, for instance, would be regarded as a concession under section 11 and so enable the governor in council to reduce tariffs as a quid pro quo.

Mr. RHODES: That would be a question of fact. I should not care for a moment to attempt to follow the interpretation to its furthest ramifications, but I say in all deference to the committee that it would be a question of fact and of interpretation as to whether it would be a concession coming properly within the spirit and the intent of the section.

Mr. EULER: I understand from the remarks of the hon. member for Shelburne-Yarmouth and of the reply given by the minister that the governor in council has authority to reduce the tariff, for which we may receive some concession from some other country. My impression is—and this is the point on which I should like to have information—that the governor in council has authority to make reductions whether a concession is received from some other country or not. It might be deemed in the interests of Canada alone to reduce the tariff, without reference to the circumstances affecting other countries.

Mr. RHODES: That is all right; there is always the sovereign right of this or any other country to take such tariff action as it chooses. Parliament is supreme.

Mr. EULER: I mean the governor in council.

Mr. RHODES: I am following the argument. Section 11 of the Customs Tariff has specific reference to reciprocal tariff reductions and the wording is:

> The governor in council may by order in council make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for reductions on Canadian products granted by any such country or countries.

Mr. EULER: But they could do it in any event, whether they got a concession or not.

Mr. RHODES: Certainly; there is always the sovereign right of parliament in the matter. But we are dealing with reciprocal action between two countries, without parliament. That is all that section 11 is for. Here, instead of using the words "reductions on Canadian products" we say "concessions"; that is the change.

Mr. RALSTON: Is there any objection to making that "tariff concessions" rather than merely "concessions"?

Mr. RHODES: I know of no immediate objection to the use of those words except that it makes the operation of the section unduly restrictive. There might very well be some other consideration which would be deemed of value to this country and which would warrant making a concession by way of the tariff. I can readily see that a situation of that sort might arise. It might be a question of margin, for example.

Mr. RALSTON: But it is a tariff concession.

Mr. RHODES: Yes, it is a concession. I do not press the matter at all. I would be content to take the phrasing my hon. friend suggests. I see no objection, if it is a real concession given us by another country, why we should not be able to go beyond the bounds of customs action alone.

Mr. MACKENZIE KING: I should like to have the matter made clear with respect to what may be pending in the way of negotiations. We were advised the other day by the Prime Minister that negotiations respecting a trade agreement with the United States were still proceeding but might not be concluded before the close of the session. As I understand the minister, if anything in the form of an agreement were entered into between the United States and Canada, following constitutional practice that agreement would have to be submitted to parliament for approval. On the other hand, it is possible that the negotiations proceeding between the two countries might take the form of some reduction of tariffs on each side, in which event the reduction of tariff on one side would be regarded as a compensation or concession for a reduction of tariff on the other. In that case, under the legislation now proposed, the governor in council would have power by order in council to reduce the duties without reference to parliament.

Mr. RHODES: Apart from any question of interpretation, I would not have the slightest hesitation in saying to my right hon. friend that in anything so important as a trade agreement with a country such as the United States, it follows as a matter of course that it should be subject to ratification by parliament. That is not the kind of agreement in contemplation which would enable the country to secure con-

cessions by way of order in council under section 11. I want to make that abundantly clear.

Mr. LUCHKOVICH: I understand that there is a reduction on liquors. Why has it been limited to liquors? Why should it not be applied to machinery? We in the west like our liquor as well as anybody and would rather get it cheaper than we can at the present time. But we should prefer to have this section made applicable to farmers' machinery, for we certainly need cheap machinery in the west to-day.

Mr. RHODES: I am not aware that there is any bootlegging in machinery or any illicit importation. If there were it could be dealt with similarly. That was the reason for the action taken. It is not a question of cheapening the product as such; it was a question of attempting in this way to make at least a contribution toward the elimination of bootlegging.

Mr. RALSTON: I do not want to delay the committee, but I would ask the minister to consider inserting the word "tariff" before the word "concessions." It is advisable that we keep tariff matters within the tariff ambit rather than to contemplate some bargain the consideration on one side of which might have nothing whatever to do with tariff.

Mr. RHODES: I shall be pleased to consider the matter. If the committee in its wisdom decides to report the bill, I can hold the third reading and, if it is thought advisable, it can be moved back into committee. There is nothing in my mind other than having an instrument which will be of use; that is all. It may be thought wise on reflection to limit it in the sense suggested by my hon. friend.

Section agreed to.

On section 5—schedule A amended.

Mr. JACOBS: Does this deal with item 66a, biscuits?

Mr. RHODES: Yes.

Mr. JACOBS: I have a letter here received from the Canada Biscuit Company, Limited, and which I wish to place before the committee. This company owns and operates the following companies:

McCormick Manufacturing Company, Limited, London, Ont.
J. A. Marven Limited, Moncton, N.B.
Montreal Biscuit Company, Limited, Montreal, Que.
D. S. Perrin and Company, Limited, London, Ont.
Paulin-Chambers Company, Limited, Winnipeg, Man.
Northwest Biscuit Plant, Edmonton, Alta.
Northwest Mill and Feed Plant, Edmonton, Alta.

I would cite a few excerpts from this letter, which is dated June 3, 1935:

It has come to our notice that the government are considering the passing of an act which will allow English-made biscuits valued at over twenty cents a pound to come into Canada duty free—this would cause untold damage to every high grade biscuit manufacturer in Canada, as it is impossible for a Canadian manufacturer to compete with the large-volume production of the British manufacturer on high-grade biscuits. The effect of this legislation would be to force all Canadian manufacturers to make very cheap quality goods at low prices on which there can be no profit.

Canadian biscuit factories are chief market for Canadian soft wheat, and are very large users of butter, eggs, lard, sugar, cheese and paper products.

United Kingdom biscuits contain no Canadian wheat, butter, eggs, lard, sugar, cheese and practically no paper products.

Even allowing for the present tariff, it is a known fact that the biscuit industry of Canada has suffered very severe losses. The industry represents an investment of many millions of dollars, and if this legislation is allowed to become effective, the results will be further large numbers of unemployed in the biscuit industry, and terrific losses of capital.

Will you please use your very best efforts in conveying these facts to the interested party? If you require any further information please do not hesitate to call upon me.

I would recommend that you communicate with Mr. Hanson, the Minister of Trade and Commerce, as I understand that Mr. Rhodes in addition to being a sick man is deluded with all kinds of other matters so that he could not give this serious question the attention it deserves.

In regard to the last sentence, I wonder whether the writer refers to the other members of the government or to the members who sit behind the minister. At any rate I feel I have done my duty when I bring this matter to the attention of the minister, pointing out to him that this protest comes from practically every part of Canada; every biscuit manufacturer is represented.

Mr. CASGRAIN: I have received a similar communication.

Mr. RHODES: The Minister of Finance is "deluded" with many other matters. I may say that I am sure my hon. friend is deluded also if he subscribes to the prayer or request contained in the letter, because as a matter of fact the total importation of British biscuits is one-third of one per cent of Canadian consumption. Furthermore, Canadian biscuits in price have ranged from eleven to fourteen cents per pound, and the

class of biscuits from the United Kingdom affected by this reduction in the tariff range in price from twenty-seven to thirty-four cents per pound, so that this tariff action had reference to what might be termed—and I say this not offensively—a luxury product.

Mr. EULER: Fancy biscuits.

Mr. RHODES: Yes. I do not shield myself behind the circumstance that the reduction is made in consequence of a report of the tariff board after full inquiry and finding, but I leave it to the good judgment of the committee whether in the circumstances the dire disaster which apparently the biscuit manufacturers think will overtake them is likely to occur.

Mr. LAPOINTE: I would follow the minister down a little more.

Mr. YOUNG: I notice in the letter which the hon. member for Cartier has just read the Canadian biscuit manufacturers object to English biscuits coming in because they contain no paper products. I do not consider that is a very serious objection.

Mr. JACOBS: The writer refers to the containers, I fancy.

Mr. ELLIOTT: I should like to call the attention of the minister to the fact that I have received several telegrams to the same effect. I assume his mind is quite clear on the subject.

Mr. RHODES: Perhaps every hon. member who lives within one hundred and fifty miles of an industry of this kind has received similar communications. I have received dozens of them. The wires have been quite warm as a result of the sending of telegrams to me, but that is nothing new.

Mr. QUINN: I have also received similar telegrams, one from a biscuit manufacturer in Halifax, Moirs Limited, and also telegrams from Christie Brown and Company and others. I suppose the answer is the same to all.

Mr. BROWN: I do not suppose the hon. member for Weyburn has received similar telegrams.

Section agreed to.

Sections 6, 7 and 8 agreed to.

Bill reported, read the third time and passed.

INCOME WAR TAX ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 80, to amend the Income War Tax Act.

[Mr. Rhodes.]

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

Section 1 agreed to.

On section 2—Company rate of tax.

Mr. CHURCH: I would like to ask one question on behalf of the municipalities of the province of Ontario. Any section of this bill might serve to cover it. I introduced a resolution on coordination of income tax in this house on this question in 1927, and it was continued in 1928 and 1929. From 1867 down to the introduction of the Income War Tax Act in 1917 the income tax was the exclusive field of the municipalities. As we all know, at present the municipalities are having a very difficult time owing to conditions. Their sources of revenue are restricted by statute. There has been a gross invasion of their field both by the dominion and by the provinces. I do not object to the dominion levying income tax, because they had to carry on the war, relief and unemployment, and have other heavy burdens. But the present Ontario government have announced that next fall a special session of the legislature is to be convened in order that we shall be given the unexpected joy in the province of Ontario of a triplicate income tax. The income tax of the dominion government is collected chiefly in Ontario and Quebec; a very small part comes from the other provinces. The returns from the city of Toronto for the last year of record were $17,486,000, and for the city of Montreal, $18,893,000. I raised the question of the legality of this provincial tax in 1927, and I think the question is a cogent one whether the proposed tax by the province of Ontario is direct or indirect and the method of collecting illegal. The method of collecting it is both direct and indirect.

This burden of a third income taxation is going to retard the growth of industry in Ontario. There should be some coordination, because in view of the period of unrest we are going through and the condition of business to-day, industry cannot carry any further burdens. I should like to know if any negotiations on this matter have taken place with the provinces, or whether any reference is to be made to the supreme court, because it is in the interest of the taxpayers and the provinces that it should be done. This income tax comes very largely out of the working classes. They had an investigation of this in Washington and it showed a dreadful state of affairs—people like Pierpont Morgan with an income of millions paying no income tax at all. They are now bringing in a provision

for registration, I may say that there is registration to-day in Toronto on municipal income tax and there are facilities there for anyone to go to the city hall office and find what income taxes have been paid. Are we going to wait for the Ontario government to put the cards on the table? As far as the assessment rolls and the collector's rolls are concerned you can walk into the office of the city clerk and turn up the rolls and find out what every person and corporation is paying in income tax to the municipality. The same applies to wills, deeds, and bills of exchange and lien notes and many other matters; they are all registered and open to inspection by the public, and I do not see any reason why there should not be similar publicity concerning income tax

As one of the representatives of an industrial city I protest against a third or provincial income tax in Ontario. The cities are already paying more than they can afford for the burden of government. It is all very well to talk about maritime rights and Pacific rights and prairie rights, but what about the rights of the old industrial provinces of Ontario and Quebec who pay over 84 per cent of the federal income tax? We hear a lot about the rights of minorities, but what about the rights of majorities who have to pay all these taxes to maintain this country? I protest against this tax by the province. Under section 92 of the British North America Act they have the right of direct taxation to raise revenue for provincial purposes, but not by the widest extension of imagination can it be said that the provinces should take from the municipalities the income tax powers of taxation which they have held from time immemorial. I do not know what is to become of the municipalities of Ontario if they do not get some relief. Are we to wait, year after year, and have these provincial burdens increased? It would be a godsend to the people of this country if there had never been provincial governments. It was the greatest mistake the fathers of confederation ever made; it was done for political rather than for economic reasons, and we see the result in overtaxation and over government.

I have been asked to mention this matter on behalf of some of the municipalities which are being crushed at the present time owing to the burden of relief. A large number of properties are up for sale for arrears of taxes; in many cases the mortgagee has taken possession, and now are we going to add another income tax? This government or any other government in charge of the affairs of this country at present and for years to come will no doubt have to have this federal income tax. The present government and the minister have taken over regarding relief from some municipalities many of their obligations; in fact I do not know where the municipalities would have been had we not had the Unemployment Relief Act, as the hon. member for St. James (Mr. Rinfret) mentioned in connection with Montreal. It is not the only city in which that situation exists; almost every large city in the country would have been in an even worse position than it is at present had it not been for the very active support which the federal government gave to the larger municipalities. But when we have an announcement from the Ontario government that they are going to ask publication of income tax matters and require affidavits or provide that people may be examined on oath by the local commissioner, and when you see what they are doing in the United States, allowing people to go to the register and see what is being paid, then I think that in the interest of more revenue for this government a similar amendment might be made in the law here. I do not wish to detain the minister; I am sorry on his account for having to mention the matter, because I have a great admiration and respect for him and sympathy with him in respect to the burden he has had to bear for the last ten years, not only in this parliament but as a provincial leader. But I should like to hear from him anything he can say in a few words as to the legality of the proposed provincial tax and the method of collection.

Mr. RHODES: I do not think there is any question as to the right of the provinces to impose this tax. It is a direct tax. As far as it is a direct tax it is strictly within their legislative competence. Neither is there any question as to the right of the dominion to impose this tax. That was settled in the case of the King v. Caron, which went to the privy council, the judgment being delivered by Lord Haldane, who decided that the dominion had jurisdiction. It is perhaps unfortunate that there should be a threefold tax, but as far as that is concerned the question is between provinces and municipalities and is one which must be settled within the province; it is not one which we can settle here. There are certain phases of the incidence of this tax which do work an injustice. That is, a man has a certain income, and income tax is imposed by the dominion. When the province imposes an income tax it is imposed not upon the residue of his income after he has paid the tax to the dominion, but upon his whole income as though he had actually received it, although as a matter of fact he has parted with a portion of it. The

same statement applies to its application in the case of the municipalities. We had that, among other things, in mind when we sought to have a dominion-provincial conference last autumn. The question of income tax was placed upon the agenda of the proposed conference and I think it was unfortunate that we were unable to have that conference, because that was one subject that perhaps we could have dealt with in a manner that would have made it more equitable in its application not only as between the dominion and the provinces but perhaps also as to the individuals whether they pay taxes to the provinces or to the dominion. As a matter of fact, however, we could not have the conference for the reason that we could not secure the attendance of representatives of all the provinces; more than one raised objection to a conference being held at that time. It follows, of course, that there will be no possibility of a conference this year unless it is held late in the autumn, after a new government is in office.

Mr. LAPOINTE: Hear, hear.

Mr. RHODES: I do hope, however, that for the wellbeing of the country the incoming government, whether it be this or another government, will take some action. I notice my hon. friend from Quebec East smiling when I use the term "new government." He has in mind the circumstance that it will be a government of some other party. I had no such circumstance in mind. What I had in mind was that we will have a newly elected government with a newly elected parliament.

Mr. LAPOINTE: I withdraw my smile.

Mr. RHODES: We have no misgivings upon that point; in due course we will know the answer. In all seriousness, however, I do express the hope that there can be a fair and frank discussion between the dominion and provincial governments in the hope that there may result something fairer in the way of the application of income tax. It is all very well to discuss the dominion giving up the tax. Municipalities and provinces are put to it for revenue, but it requires no stretch of the imagination to realize that the dominion government is also in dire need of revenue, and that will be so for a number of years or at all events until some solution has been found of many of the problems we have before us at the present time. So it is idle to discuss giving up this tax, but I do think in fairness we can discuss with the provinces a more equitable application in the hope that it will improve conditions not only as they concern the dominion and the provinces but also as they concern the individual taxpayer.

[Mr. Rhodes.]

Mr. EULER: I am glad to hear what the Minister of Finance has to say with regard to the multiplicity of taxes and the undesirability of such a condition. But I should like to remind him that the government of which he is a member, and in fact the previous government, have practised the same thing even within the dominion itself. I know there is not usually a great deal of consideration or sympathy for corporations or those who derive their incomes from corporations, but if I recite the facts briefly it might be of interest to the committee. So far as income tax is concerned a joint stock company pays on its profits a tax of 13½ per cent. Another business, perhaps of the same nature—and I believe I referred to this last year or two years ago—which happens to be carried on by a partnership or under a single proprietor, making the same amount of profit, escapes that tax altogether. There, I say, is an unjust discrimination. First, so far as the corporation is concerned, there is the 13½ per cent tax. Then when the balance of the profits are distributed among the shareholders they again pay taxes as individuals. Then the provinces come along and exact a tax from the corporation. Now we have the announcement by the premier of the province of Ontario that he is going to propose an income tax also. That will be a fourth tax. Then the municipalities, at least in the province of Ontario, exact still another income tax, so the man who happens to get his income from a joint stock company—and I am no special pleader for those who hold stocks in joint stock companies—is faced with the probability of having to pay five income taxes in one form or another.

I should like to suggest to the minister that he is certainly on the right track when he suggests that there should be some sort of getting together to prevent this multiplicity of taxes. It is perfectly right that those making a great deal of money by way of income from stocks or bonds should pay a proper tax, but surely it cannot be right that the jurisdiction should be spread over municipalities, provinces and the dominion so as to bring about practically fivefold taxation on the same income.

In conclusion I just want to repeat what I said two years ago, or perhaps it was last year, with regard to the absolute injustice of the double taxation now exacted by this government from those who happen to get their incomes from stocks. It is a discrimination against joint stock companies, and after all that is a fair method of doing business. Consider two businesses side by side, perhaps in exactly the same line of business. One is

operated as a joint stock company, perhaps with almost all the stock owned by the same man or the same family. Next to that business or across the street is a firm doing business under a single proprietor or a partnership. The joint stock company pays an income tax of 13½ per cent while the other business escapes that tax altogether. In addition all the individuals concerned pay taxation on their incomes. I say this is a double tax that is utterly inexcusable unless it arises through the necessity of securing revenue, and even that ought to be subject to the ordinary laws of fairness and equity.

Mr. RHODES: With the general tenor of the remarks of my hon. friend I am in entire accord and sympathy. I rise only for the purpose of correcting what I know was said by him inadvertently and in error, when he spoke of double taxation having been imposed by this government. That principle obtained during the whole of the nine years that hon. gentlemen opposite were in power.

Mr. EULER: I said it was imposed by this government; I did not say it was inaugurated by this government. It was imposed by the previous government as well, but that does not make it any more just.

Mr. RHODES: Quite so. I mention that only for this reason, that by the layman the statement of my hon. friend immediately would be interpreted to mean that this government was responsible for the condition; that is, that the Bennett government was responsible.

Mr. EULER: I did not say that, but this government have accentuated the condition by increasing the tax from time to time.

Mr. RHODES: Perhaps it is a question of degree. I might say to my hon. friend, however, if he wants to pursue the discussion along that line, that the government of which he was a member not only maintained this principle all during the period it was in office; it maintained the principle during a period of prosperity when there were abounding revenues. If it could be justified under those conditions what can be said of a government in office during the period of the greatest depression in the history of the world, when governments all over the world are hard put to it for every cent of revenue they can derive?

Having said that I do not for a moment want to go back on what I have already stated as to the injustice of the principle of double taxation. It is unjust, and I hope the time is not far distant when we may be able to get away from it. As I pointed out last year, it is all very well for us to feel that a certain principle is not to our liking, but it is quite another thing to have to forfeit several millions of sorely needed revenue under the conditions which exist today.

Mr. RINFRET: Before the section is carried I should like to make an observation which I think is in order at this time. There has been much confusion in the minds of many taxpayers this year—probably it existed in previous years also—with regard to the retroactive feature of the changes and increases in the income tax, especially with regard to unearned or investment income. Quite a number of my constituents came to me to find out whether in the returns to be filed April 30 they had to provide for the changes in regard to investment incomes. I directed them to the officers of the Department of National Revenue. I was quite aware, of course, that these changes were retroactive and, consequently, should be provided for in the returns, but the confusion was brought about by the fact that in the first place the changes had not been adopted by the house—in fact they have not been adopted yet—and in the second place the forms supplied to the public made no provision at all for investment incomes. I feel sure therefore, that a large number of the returns that have been received by the department up to the present have made no provision at all for that new feature. I will take the stand that perhaps it might be a good thing for this government or the government to come to consider the advisability of not making these changes retroactive. I understand that it has been working both ways When the income tax was reduced by the former government it did apply to the previous year, and therefore when it is increased it seems only fair that it should be made retroactive, but there may come a time when the income tax will be increased by such an amount that the income tax payer will not have made any provision to meet the increased tax exacted from him, and I am not sure that it would not be advisable to consider whether, when changes are made in the income tax, the new tax should be made applicable to the current and not to the previous year. However, that was not my point.

I am quite aware that a large number of taxpayers have probably not provided for the investment income in their returns this year.

I see that section 15 provides that interest shall be charged on the tax imposed by section 2, and I would ask the minister why that special section is in the bill.

Section 16 says:

> Sections, one, two, three, four, five, six, seven, eight, ten, eleven, twelve and thirteen of this act shall be applicable to income of the 1934 taxation period.

Does that mean that in the case of every taxpayer who has failed to file his return according to these sections interest will be charged from the thirtieth day of April also?

Mr. RHODES: Mr. Chairman, I would be disposed to agree with the objection raised by my hon. friend that it would be preferable in dealing with the income tax to get away from the retroactive feature, but that feature has been in our income tax from its beginning. In that respect there has been no change in the method of applying the tax this year as against former years, not only with respect to this government but preceding governments. I can speak from a somewhat painful experience with respect to the difficulty in which the taxpayer is placed because I recall very well that I had to pay in one year an income tax which was greater than my income in the year I paid the tax, and I had to resort to the banks to borrow money to pay the income tax. So I can speak feelingly of the position the taxpayer finds himself in who is called upon to pay a heavier tax in a year when his income has been greatly reduced. It is very difficult to defend that, but before we can alter our system we have to have a treasury overflowing to such an extent that we can forego one year's income tax. That is just about the plain fact of the matter, and in those circumstances we are not in a position to change the method of applying the tax. It is the same to-day precisely in every respect that it has been hitherto.

It has always been so that when there have been changes in the tax imposed, that change has come subsequent to the date upon which the income tax forms, having of necessity to be prepared in advance, have been sent out to the various income tax offices throughout the dominion. That difficulty has arisen hitherto whenever there has been any change in the income tax, and I do not see any way of avoiding it so long as we have the circumstance that the date for sending out the forms in the usual course practically always precedes the date when the budget ordinarily is brought down.

My hon. friend from St. James (Mr. Rinfret) put a specific question with respect to section 15. The principle there is precisely the same as has obtained in other years. It merely deals with the circumstance that inasmuch as the bill has not become law provision must be made for interest from the period when the taxation period commenced. There is nothing new in principle in section 15 from previous income tax acts.

[Mr. Rinfret.]

Mr. EULER: Mr. Chairman, perhaps I am not in order because clause 16 is not under discussion, but as reference has been made to section 15 I might be permitted to ask a question in regard to section 16. It says that sections from one to thirteen inclusive with the exception of section nine "shall be applicable to income of the 1934 taxation period and fiscal periods ending therein and of all subsequent periods." The explanation in the bill implies that there are no changes except that the rate is increased from 12½ to 13½ per cent. I just want to make certain that this does not imply a change such as we had two or three years ago when the family corporation tax was abolished. I recall at that time that in the case of a company whose fiscal year ended with January instead of December the interpretation given by the department was, and I have no particular fault to find with the legality of it, that a company or an individual might be forced to pay a tax for twenty-three months and when you are paying a tax on a twenty-three months' period you would naturally get into the higher brackets, and the tax would be exceedingly high. I would like to know in regard to section 16 whether in the case of a company whose fiscal year ends with January the same sort of thing might be possible, because it says that it "shall be applicable to income of the 1934 taxation period and fiscal periods ending therein." Would that mean that if the year of a company ended January 31, 1935, the taxation period would be for the twelve months preceding January 31, 1935?

Mr. RHODES: Yes.

Mr. EULER: Then it says the taxation shall be applicable also to income of "fiscal periods ending therein and of all subsequent periods." Would a company have to pay for that year ending January 31, 1935, and also for the eleven months ending with January, 1935? In other words, would a company be called upon to pay taxation for practically two years?

Mr. RHODES: I recall very well the incident to which my hon. friend refers. This section has no incidence, no bearing nor application similar or analogous to that case.

Mr. EULER: There is no possibility of them having to pay for a period of practically two years?

Mr. RHODES: No possibility of that arising. This has reference only to the extra one per cent and it has no bearing and there is no change with respect to the period to which the tax might be applied.

Mr. RALSTON: Since we are discussing the period to which the changed tax applies I understood that the 1934 taxation period, for instance, would be deemed to be any fiscal period which ended in 1934, and that therefore a company whose fiscal year ended March 31, 1934, would be obliged to pay the increased tax back to March 31, 1933, because the increase in the tax is made applicable to the 1934 period. In other words, the 1934 period included nine months of 1933. I brought that to the minister's attention when the resolution was up, and the minister was going to look into it. If that is the case it should be made clear that this only applies from January 1, 1934. When I say that, it is subject to all that my hon. friend from St. James (Mr. Rinfret) has said in regard to making these increases retroactive. I spoke to that point on the resolution and in previous years I have protested against it. I am not impressed at all by the fact that under previous administrations, as my hon. friend says, changes in the income tax have been made retroactive. As I have pointed out most of the changes were downward rather than upward, and I submit that regardless of who does it, it is wrong, it is unjust, it is unfair, it is inequitable, it is not good legislation to make increases in taxation or changes in the law apply to a period that has already been closed, the commitments for which have already been undertaken, the disbursements for which have already been made. As I suggested in the discussion on the resolution, it seems to me to involve a violation of what is an implied contract between the government and the taxpayer that his taxes for that period will be so much. The government comes in with a statute and says to the taxpayer: Although we said your taxes would be a certain percentage for this period, although you have based your commitments upon that percentage, we now propose to take so much more. That is not fair and it is not sound for business and it is not fair to the individual. If the treasury needs the money I submit that it would be better to provide for the levying of a double increase in the current year. We would thus preserve the principle that legislation is made for the future and not for the past. I believe the minister agrees with me in principle although he has said it is impossible to do this because of the necessities of the treasury. I submit we ought to make a change in this respect and not make increases in taxation retroactive. With that general observation I couple the special case to which I have referred and to which the hon. member for North Waterloo (Mr. Euler) has referred, the case of an organization with a fiscal year ending during 1934. I understand that such a company will now be taxed back into 1933.

Mr. RHODES: The law with respect to the fiscal year of corporations will be found in section 35 of the Income War Tax Act, which reads:

> Notwithstanding the provisions of section 33 of this act,—

Section 33 has reference to the general returns.

> —any corporation the fiscal year of which does not coincide with the calendar year, shall make a return within four months from the close of its fiscal year and the tax shall be computed as if the said fiscal year coincided with the calendar year within which the said fiscal year ends, and the provisions of this act shall mutatis mutandis apply.

Let me assure the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the committee that when I say that this act was in force under preceding administrations I do not make the statement for the purpose of placing responsibility upon other governments for the actions of this government nor to evade the full share of responsibility which a government must take for its own acts. I do so solely for the purpose of emphasizing the difficulty in which the government is placed particularly when it desires to make a change in a period of stress such as has confronted us during the last few years and is confronting us to-day. My hon. friend has said that rather than have the retroactive phase of the taxation maintained he would prefer a double taxation applied in one year and let us start anew.

Mr. RALSTON: A double increase.

Mr. RHODES: As a matter of fact the retroactive feature, so far as it applies to incomes, has always been in the act. You could not tell how much income a man would make until the end of the year and you could not impose a tax upon this income until he had received it. In other words, you could not impose a tax upon income in advance as the income might be larger or smaller than expected. It is only after a man has received his salary or income that he should be told how much tax he will have

to pay. The objection I have recorded with respect to this method of application, as far as this or any other government is concerned, is that it is right enough for a man or a company to pay an income tax under those circumstances if it is known that the rate of taxation will be the same next year or the year after but it is a different thing when there is an increase in the income tax and a man has to pay an additional tax upon income which has already been expended. I mention this to indicate the retroactive features to which I object and which I wish we could get away from. So far as the main principle of the act is concerned, it has been applied to the income of past years for the reasons I have indicated.

Mr. EULER: The minister's reply to my question was quite unequivocal and I was satisfied with it but since I have heard the remarks of the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the reply of the minister I am not so sure that I should be satisfied. Take the case of a company the fiscal year of which ends, say in January or in any other month other than the end of the calendar year; will it follow under this amendment that that concern will have to pay taxes for more than twelve months?

Mr. RHODES: The method of applying the tax as a result of this section will not differ from that at present prevailing.

Mr. RALSTON: I know my hon. friend is making this as clear as possible but I do not think he has answered the question. The minister has his officers before him and I shall give a specific instance. A company ends its fiscal year on March 31, 1934, and an increase in corporation tax is provided by this bill which becomes law. Will the increase apply further back than January 1, 1934?

Mr. RHODES: If the fiscal period goes beyond that, yes. What I said in my answer to the hon. member for North Waterloo (Mr. Euler) was this: Assuming there had been a change in the company tax this year, the application of that tax would be precisely the same with respect to that company. The only change is with respect to the rate and the increased rate would be dealt with in the same manner as the other rate and as if there had been no increase.

Mr. RALSTON: There is still a very definite doubt in my mind as to whether the increases which are said to go back only to the 1934 period will not go back to 1933. The minister has directed attention to section 35 and it seems to me that that section would confine the increase only to the portion of the fiscal year which was within the year 1934.

Mr. RHODES: I do not think I can add anything to what I have said already. I say that it will apply beyond January of 1934 if the taxation period of the company goes back of that date.

Mr. RALSTON: As I understand it, the statute stops the fiscal period of the company at the beginning of the year 1934. By virtue of subsection 2 of section 35 the fiscal year of the company is made to coincide with the year in which the fiscal period ends. Does that not make the increase in tax stop at January 1, 1934?

Mr. RHODES: My hon. friend is usually very lucid but I do not think he has made the proper deduction from section 35.

Mr. RALSTON: I do not know why it was cited if it was not for the purpose of making that clear.

Mr. RHODES: It differentiates clearly from the calendar year.

Mr. RALSTON: No.

Mr. RHODES: Oh, yes.

Mr. RALSTON: It states that the tax shall be computed as if the said fiscal year coincided with the calendar year.

Mr. RHODES: It states specifically that if the fiscal year of the corporation does not coincide with the calendar year, it shall make a return within four months from the close of its fiscal year.

Mr. RALSTON: The next phrase is important.

Mr. RHODES: And the tax shall be computed as if the said fiscal year coincided with the calendar year.

Mr. RALSTON: I was misled, I know unintentionally, by the citation of that section. If that section means that only the rate applies for the portion of the calendar year, then I take it that the increased rate would only apply to January 1, 1934, in the case I mentioned.

Mr. RHODES: No, it applies to the end of the fiscal year of the corporation.

Mr. RALSTON: I submit that that is unfair and that the changes in taxation, if they apply to the 1934 fiscal period, should apply only to that portion of the fiscal period of the company which is within the calendar

year 1934. It means that one company, if it is unfortunate enough to have a fiscal year ending March 31, 1934, will have to pay increased taxation for a period of nine months longer than the company whose fiscal year ends on December 31, 1934.

Mr. RHODES: There is no change in that respect; that feature has been there for some time.

Mr. RALSTON: I know that the minister is not the kind of man to take that attitude. Simply because an injustice has existed is no reason why it should continue. If it is unjust he should be prepared to make the change.

Mr. RHODES: I should like to have the privilege of being instrumental in making the change, but it is one thing to desire to do something and another thing to be able to do it. If I were Minister of Finance under other conditions I can assure my hon. friend that he would not have to make that plea.

Mr. EULER: I must protest. I am very much surprised that the minister should take that attitude. In effect he admits that it is unjust, and the only reason he gives is the necessities of the revenue. I do not believe that either the house or the minister will suggest that it is fair to exact from one company something that is not exacted from another. There is a discrimination there. In the one case the company pays for the full year and in the other case the increase goes back over a period of more than twelve months. Merely because it provides a very slight addition to the revenue is, I respectfully submit, not a sufficient reason why it should be done. If it is unjust it should be remedied, and it is no excuse for its continuance to say that it has been done before. It is no excuse to say that you are following a wrong principle which has been in force before. If the minister will give that point cool reflection I think he will make the change. The amendment could be made very simply and it would bring about justice.

Mr. RHODES: I wish to take decided exception to one deduction of my hon. friend. He suggests that this method of application makes a discrimination as between companies.

Mr. RALSTON: Taxpayers.

Mr. RHODES: If what my hon. friend suggests were done there would be a very marked discrimination. One company would pay for a portion of the year and another company would pay for the full year. All we do with respect to the tax is to make it applicable to a year. It is for the company to determine its fiscal year. We must tax for the full company year as laid down by law, and if it happens by reason of the circumstances that one company's fiscal year ends at a different period, which would make it pay a larger tax than another company, then it is to be regretted. But I know of no method of general application of the law which leaves it in the company's hands to have its fiscal year conform either to the calendar year or to a general scheme applicable to all companies. It is the company's lookout and I do not see how we can remedy that phase of it.

Mr. RALSTON: It cannot be the company's lookout if it is taxed after the year has been fixed. The year has been fixed first and the government comes in and says, "You having fixed that fiscal year, not knowing that there was to be an increase, will have to pay nine months more of taxation than another company doing business in competition with you, because your year ends March 31, 1934, and the other company's December 31, 1934."

Mr. RHODES: The principle is common not only to companies but to individuals.

Mr. EULER: If the principle is wrong, why retain it?

Mr. RHODES: I have indicated as plainly as I possibly can why that has been done. The reason is that we cannot forego revenue at the moment. I have already said that the principle would not apply in happier circumstances.

Mr. EULER: That is not a good excuse.

Mr. RHODES: It is a perfectly fair statement of my position and I do not know that I can add anything to it.

Mr. LUCAS: Has the minister been able to make an estimate of the additional amount of revenue under the amendments made this year to the Income War Tax Act?

Mr. RHODES: The estimate is $12,500,000.

Section agreed to.

On section 3—Earned income.

Mr. RALSTON: I want to congratulate the minister on the compliment he has paid members of parliament by including their indemnities in the definition of "earned income." It did not appear in the resolution but it is in the bill. May I now refer to a matter mentioned to me a good many times. Members of parliament do not generally legislate for themselves, but this does seem to be a matter which should have the attention of the minister—I refer to the living expenses of members in Ottawa. Income tax is paid

on the full indemnity notwithstanding that the member in Ottawa has to spend a certain amount of money to earn that indemnity. It seems proper that an allowance should be made—the country would not criticize it in the slightest—to members of parliament who actually spend money for living expenses in Ottawa to become entitled to the indemnity.

Mr. RHODES: I accede to the view expressed by my hon. friend. As a matter of fact an indemnity is not an income at all, otherwise it is not an indemnity. I can speak with some knowledge going back more particularly to the years when I was first in the house, when we received $2,500. I never took a cent back to my constituency, and the demands upon the member at that time were as heavy as they are to-day and as numerous. I will go further. I think the question of living expenses in Ottawa ought to be taken into consideration. It is grossly unjust to regard the indemnity of members as income for purposes of income tax, and I commend to the incoming parliament—

Mr. EULER: Why not now?

Mr. RHODES: I would have done it willingly myself but for the fact that my motives would have been misconstrued.

Mr. EULER: Oh no.

Mr. RHODES: The new parliament is the body to take action of that kind, and so far as I am concerned, wherever I may be, I will subscribe to it fully. I do not hesitate to say frankly that I believe the Income Tax Act should be amended to exempt the indemnities of senators and members of parliament, because if they are not income they are not subject to taxation. Indemnities are what the name implies: they are merely intended to indemnify members for the sacrifice they make in expenditure and in time and in giving up their income to come to Ottawa. I make that statement with the greatest satisfaction, and I do hope that the new parliament will be much wiser and kinder to its members than this parliament and the preceding ones have been.

Mr. LAPOINTE: The minister will find in the Department of Justice an opinion of Sir Allen Aylesworth, a distinguished lawyer, who in strong language claims that this imposition of a tax on the indemnities of members and of senators is ultra vires the powers of this parliament and is unconstitutional.

Mr. RHODES: Whether it is or not, I have no hesitation in saying that it is unjust. I do not think it should be continued.

[Mr. Ralston.]

Mr. COOTE: I would direct the attention of the minister to expenses which we are allowed to deduct in determining our net income. For the last five years there has been a distinct difference of opinion between myself and the inspector as to whether or not I should receive an allowance at all for the fact that I require the use of an automobile. I use it both in my business, in carrying on my farm, and in earning my indemnity. I have a large constituency and I do not think I am exaggerating when I say that in carrying out my duty as I am expected by my constituents to do it, I must cover at least 5,000 or 6,000 miles of country roads every year. In addition to that, I do a good deal of travelling back and forth to my farm. I am using my car in carrying on my farming operations part of the time and on other occasions I am using it in earning my indemnity. I have been consistently opposed in that view by the inspector of income tax. I really think that right and justice would be on the side of any man in my position, that is in using a car either in the superintending of his farming operations or in earning his indemnity in visiting his constituents. As I have been unable to get any redress through the inspector of income tax, I want to give the matter a little publicity while we have the minister and the commissioner of income tax here. I think I am justly and legally entitled to an allowance for the use of my car, because men in almost every other occupation are getting an allowance for that; they are being allowed to deduct the expenses incurred in running their cars, and certainly a similar allowance in this connection should be made to members.

Mr. NEILL: I would like to endorse the remarks of the last speaker. It is well known we incur expenses solely and entirely in connection with being members of parliament, and yet we are not allowed to deduct as part of our expenses, for instance, the hire of stenographic help and payment of travelling expenses. Like my hon. friend, I have endeavoured to charge this up and have not been allowed to do so. I understand some years ago an amendment was inserted in the act which allowed a commercial traveller when he was away from home, to make a charge for his expenses thus incurred. At that time it was expected that members of parliament would qualify under that section for exemption, but some wiseacres in the customs or excise decided that being a member of parliament is not an occupation or a busi-

ness—they did not define what it was; a recreation, I presume—and on that ground the application failed.

I just want to make this suggestion in regard to the remarks of the Minister of Finance: he says that he thoroughly appreciates the situation and he himself would be glad to make the reform that is asked for, but for the fact that it would look as if he were legislating for himself or as if we were legislating for ourselves, and he commended the reform to the next parliament. But I suggest that now is the correct and precise moment for him to take action and to have it not take effect until the following parliament. That would relieve him and us of the suggestion that we were legislating for ourselves. If it takes effect then, heaven knows who will be here to constitute the next parliament. It is the custom, when any increase in salary for the members of a legislative body is being made, for the outgoing legislature to take the action, because that takes away the reflection of men legislating for themselves. The Minister of Finance evidently has the support of the house in this reform; he is in favour of it; why not pass it now with the condition that it shall not take effect until the next parliament?

Mr. RHODES: I shall be pleased to consider the suggestion made by the hon. member for Comox-Alberni (Mr. Neill), but I would have to confer with my colleagues before I could take any action. My suggestion, if it is agreeable to the committee, is that we pass this bill, and if my colleagues concur in the idea, which appeals to me personally, I would ask that an amendment be made to the bill in the upper house. So far as I am concerned I am quite prepared to support the idea, but my hon. friend will understand that I cannot take action without conferring with my colleagues.

Mr. NEILL: There is a precedent for this. In British Columbia such a deduction is allowed by the provincial income tax department. It used to be $2,000; now they have reduced it to $1,000.

Mr. RHODES: That is because it is a matter of law, and that is the difficulty the commissioner of income tax has at the moment with respect to the situation referred to by the hon. member for Macleod in regard to the use of an automobile. The deductions for travelling expenses are laid down specifically in paragraph (f) of section 5 of the Income War Tax Act, which reads:

> Travelling expenses, including the entire amount expended for meals and lodging, while away from home in the pursuit of a trade or business.

It is obvious that it would be hard to construe that language to cover a member of parliament as pursuing a trade or conducting a business.

Mr. MACKENZIE KING: It is the noblest of all callings.

Mr. YOUNG: If a man has a business.

Mr. RHODES: If a member of parliament has a business which he conducts, that is quite another matter, but my hon. friend was referring to the circumstance that as a member of parliament he requires the use of a motor car in going about and doing government business, and that there should be a deduction on this account. May I say this: If we do have the law amended deleting the indemnity from being taken into account in the income tax, we shall have gone a reasonable distance. I think under those circumstances a member cannot keep a proper check in respect to the use of a motor car on government business.

Mr. COOTE: My complaint was chiefly in regard to the fact that no allowance is made for my expenses in travelling to my farm and back. That certainly was my business as distinct from being a member of parliament and the indemnity one receives therefor. The reply was: If you used this car exclusively for that purpose, the allowance would be made. But as I used it for other purposes I could not seem to convince the inspector of income tax that I should get any allowance for that. I just felt that the act was not being administered fairly in that regard.

Mr. RALSTON: May I call the attention of the minister to section 6 (a) of the act which I presume he has before him. This gives him additional latitude. It provides that:

> In computing the amount of the profits or gains to be assessed, a deduction shall not be allowed in respect of—
> (a) disbursements or expenses not wholly—

This is where they get the hon. member for Macleod, I presume:

> —exclusively and necessarily laid out or expended for the purpose of earning the income.

There the words "trade or business" are not used, and "income" is defined by the statute as including indemnity. I have felt indirectly that can mean that an allowance

could be made where the disbursements were made wholly for the purpose of earning the indemnity; that is to say, expenses for living in Ottawa which are made for no other purpose than earning the sessional indemnity.

Mr. RHODES: That would be true no doubt, if the condition continued to obtain that the indemnity was regarded as income.

Section agreed to.

Section 4 agreed to.

On section 5—Alternative exemptions from surtax.

Mr. GERSHAW: I would like to submit to the minister that in the explanation given of paragraph (c) of clause 5 there are enumerated the relatives for whom an exemption is allowed. I would point out that this is interpreted very strictly, held to blood relatives. There are men who probably have under their own roofs people whom they are keeping and for whom they can get no allowance. Take the case of a man supporting his foster parents, his stepmother or stepfather. There seems to be an injustice in some cases such as these.

Mr. RHODES: That matter has been up in the house and discussed and considered many times. In an act of this kind, while it is true that if you do not widen the exemptions, you will do an injustice in an individual case, on the other hand, having regard to the necessity of protecting the revenue, the less opportunity one gives to the taxpayer to evade the tax by enlarging his exemption, the better. For my part I can see no good reason why we should go farther than we have gone at present.

Section agreed to.

On section 6—Expenses payable to controlling company abroad.

Mr. RALSTON: I want to ask a question on subsection (j). Section 6 as a whole, as I understand, provides that certain items enumerated there are not to be allowed as deductions from net income. Paragraph (j) refers to net losses sustained in the 1934 or any subsequent taxation period in the United Kingdom of Great Britain and Northern Ireland, et cetera. But I note that insurance companies other than life are exempt from that liability. Would the minister tell us why that exemption is made?

Mr. RHODES: The answer is that insurance companies doing a world wide business are subject to conditions which do not obtain in ordinary business, for example conflagration loss. That is the reason that this exemption appears.

Mr. RALSTON: In respect to clause (k) I spoke to one of the officers of the department; is there an amendment?

Mr. RHODES: Yes, I am quite prepared to move an amendment conforming to the suggestion made by my hon. friend, which amendment does not change the section as it was intended to be applied, but would make it clear beyond question that it bears that interpretation. I therefore move:

That paragraph (k) of section 6 of Bill 80 be amended by inserting after the word "issued" in the eleventh line, the words "or the income provisions thereof have been adopted" and by inserting after the word "corporation" in the eighteenth line of the said paragraph, the words "or its predecessor."

Amendment agreed to.

Section as amended agreed to.

Sections 7 and 8 agreed to.

On section 9—payments in respect of certain copyrights and copyrighted works.

Mr. RALSTON: Does the minister expect to get any increased revenue out of the change? I understand that under this section a uniform rate of five per cent is imposed instead of twelve and a half per cent which was contingent on returns being made.

Mr. RHODES: No, we do not expect any increase.

Mr. RALSTON: Or any decrease?

Mr. RHODES: No, I do not expect there will be any change.

Section agreed to.

On section 10—Proviso against evasion.

Mr. RALSTON: Will the minister consider my remarks in regard to the retroactive provisions of this act applicable to this section? I have not any particular company in mind, so I can speak very freely. What is being done here is to provide that dividends payable to a non-resident company shall be taxable if that company has been incorporated since April 1, 1933. What appears to have been done, as would appear from the note, is that Canadian companies have been paying dividends to parent companies outside. The practice has grown up of establishing parent companies outside in order that these dividends might be received by them free of tax. It was per-

fectly legal and proper; there was no statutory provision or legal objection to it. Then suddenly this bill comes in to say that if the company was incorporated since April 1, 1933, that remittance from the Canadian company to the parent company is to be taxable. It is simply the retroactive feature over again, which I submit is unfair in principle.

Mr. RHODES: This section was designed purely for the purpose of preventing evasion, not for the purpose of imposing any injustice or any new taxation. It is to prevent the incorporation of a company in order to permit escape from taxes.

Mr. RALSTON: It is all right to prevent evasion from this time on, but this is what judicial decisions call avoidance, not evasion. It is perfectly proper to avoid taxation but not to evade it.

Section agreed to.

On section 11—Payments on income bonds or income debentures.

Mr. RALSTON: This is a section which goes along with subsection (k) of section 6. One of the provisions of section 6 was that interest on income bonds was not to be deducted as an expense of the company. The circumstances under which income bonds are usually issued, as the minister knows, are these; a bondholder has a bond bearing a fixed rate of interest. The company gets into difficulty, and he is approached and told: "If you do not give up your bond, forego your rights and take something less, the company is going into liquidation." The bondholder agrees to some scheme of reorganization under which instead of getting a fixed rate of interest he gets an income bond, the interest on which is payable only if earned. The bondholder gives up something, makes a contribution in order that a Canadian company may continue operations instead of going into bankruptcy. The minister has inserted in subsection (k) of section 6 a proviso that if income bonds are created under those conditions, under a reorganization in respect of which relief has been given to the debtor corporation, then the interest payable on that income bond is a proper deduction to be made by the company from its operating expenses. I submit that the same principle should apply to section 11, which as it is drawn provides that:

> ... any annual amount received in respect of an income bond or income debenture shall be deemed to be a dividend.

In other words the bondholder who had his right under his fixed interest bond was getting bond interest, not a dividend, but having agreed to take something else from the company he now finds it converted into a dividend, which makes it subject to a five per cent deduction under section 9B; so the bondholder is being penalized for having been accommodating and having given up his rights against the company and accepted something less. Therefore I want to ask the minister—I feel sure that he will agree in principle—if he will agree that a man who has consented to a reorganization under the circumstances stated in subsection (k), that is a forced reorganization brought about by financial difficulties, and who has agreed not to exact his pound of flesh, will be treated at least as generously as far as taxation is concerned as he would be if he had retained his rights under his fixed interest bond. That could be done if the minister would insert the proviso of subsection (k) as a proviso of section 11. Although the minister may agree to carry out the idea by way of administration, I think it would be better for certainty if the minister would insert the proviso of subsection (k) in section 11.

Mr. RHODES: I prefer not to make an amendment, because it would provide an exemption for all time for non-residents. But I will say that it is the intention that this section 11 shall be administered in precisely the same way as the preceding section 6, in a bona fide case such as has been instanced by my hon. friend.

Mr. RALSTON: That is the only kind for which it is asked.

Mr. RHODES: It is quite competent, and it has been quite competent, to deal with the matter by way of exemption by order in council. Having regard to the danger there would be in widening the provision I think perhaps that is the better method of dealing with it.

Mr. RALSTON: Then the minister would give that assurance, that the principle of subsection (k) will be applied by order in council?

Mr. RHODES: Certainly. The desire would be to see any bona fide cases, such as the one instanced by my hon. friend, fully protected.

Section agreed to.

On section 12—Exemption from 12½ per cent deduction.

Mr. RALSTON: Is that subsection (e) lettered correctly? If the minister will just check it up, I cannot find any subsection (e) in the act or the amendments

Mr. RHODES: It is properly included here, because it has reference to an amendment made last year.

Section agreed to.

Section 13 agreed to.

On section 14—Tax on gifts.

Mr. COOTE: With regard to subsection 8, paragraph (a), which reads:

... gifts or donations made by any individual the aggregate value of which in any year does not exceed four thousand dollars;

I should like to appeal to the minister to raise that exemption somewhat. It seems to me that gifts somewhat in excess of $4,000 really should be exempt. I have in mind the case of a man who feels that he would like to give the home in which he is living to his wife; I think in many cases there is ample justification for such an act. In many instances he would be compelled to pay a tax on a gift of that kind, because often the home would be valued at more than $4,000. The rate of taxation increases progressively with the size of the gift until the sum of $1,000,000 is reached and it does seem to me that the exemption might be raised higher than $4,000. It may be that I am taking the wrong view, because I have not been informed as to the particulars of the gift tax in any other country where it has been imposed. I presume the minister has made some study of this matter as it works in other countries. Could he tell us whether, in any other country where the tax is in operation, the exemption stops at $4,000? My whole point is that the tax is imposed at too low a point, and that the exemption should be more than $4,000. I believe in many cases this might be regarded as something of a hardship.

Mr. RHODES: Mr. Chairman, we did make inquiry with respect to this tax, which is in operation in other countries. The nearest example is to be found in the United States. The object of the tax is obvious; it is to prevent an individual with an income which would bear a very heavy income tax from escaping that tax by handing over to certain relatives, perhaps to his immediate family, a physical volume of securities, for instance, which would have the effect of dividing his income among five or six persons. These, paying individual income tax, would come under a lower bracket, being in receipt of a smaller income, and in the aggregate the income tax payable by these individuals would be nothing like the income tax that would be paid by the man under the higher bracket. It was to prevent that sort of thing, without the state securing some compensation by way of revenue, that this gift tax was imposed. The figure originally mentioned in the resolution was $1,000. That was raised, because we did not want to include in the category of gifts which were intended to be taxed, for the reasons I have just indicated, certain bona fide gifts by individuals to members of their families by way of an annual income, for example. There were certain cases of that. Inasmuch as the individual who gives, we will say, an annuity of $4,000 to a member of his family has paid an income tax upon that, the exchequer is not cheated. Possibly $5,000 might be a fairer figure; that is the figure set in the United States. I should be quite content to have it raised to $5,000, but I doubt if we would be wise in increasing the exemption beyond that figure. In that regard I am entirely in the judgment of the committee.

Mr. COOTE: I was under the impression that the bill contained the figure of $1,000.

Mr. RHODES: The resolution did mention that amount, but we have made it $4,000 in the bill.

Mr. COOTE: So far as I am concerned I can see why gifts of this size should not be allowed every year, but the gifts I had in mind were those made once or twice in a man's lifetime. He may never have made any gift of the kind before that would assist him in any way by reducing his income tax. I do not want to labour the point, but it did seem to me that the exemption might very well be raised to the point mentioned by the minister, $5,000 or $6 000. However, I am willing to accept the minister's judgment if he thinks $4,000 is the proper amount.

Mr. RHODES: I think it is fair.

Mr. COOTE: In certain cases it is liable to be regarded as a hardship.

Section agreed to.

Sections 15 to 17 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

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

Thursday, June 6, 1935

The house met at three o'clock.

STANDING ORDERS

Mr. A. U. G. BURY (East Edmonton) presented the fourth report of the standing committee on standing orders and moved that the report be concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING

Mr. G. R. GEARY (Toronto South) presented the fourth report of the standing committee on railways and shipping owned, operated and controlled by the government as follows:

Your committee, in accordance with order of reference dated March 4, 1935, has considered the annual reports respecting the accounts of the Canadian National Railways and the Canadian Government Merchant Marine, and in connection therewith has examined the following witnesses:

Hon. C. P. Fullerton, K.C., Chairman, Board of Trustees, Canadian National Railways;

Mr. J. E. Labelle, K.C., Trustee, Canadian National Railways;

Mr. S. J. Hungerford, President, Canadian National Railways;

Mr. S. W. Fairweather, Director, Bureau of Economics, Canadian National Railways;

Mr. T. H. Cooper, Auditor of General Accounts, Canadian National Railways;

Mr. B. J. Roberts, Comptroller, Government Guarantee Branch, Department of Finance;

Mr. O. A. Matthews, George A. Touche & Company, Accountants and Auditors.

Your committee had under consideration Bill No. 24, an act respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1935, and in its second report presented on the 9th of April, 1935, reported the said bill without amendment. A full explanation of this bill was given in the House of Commons by the Minister of Railways and Canals.

Your committee had under consideration items numbers 293, 294, 295, 296 and 297 (Canadian National Steamships and Maritime Freight Rates Act), of the estimates of the fiscal year 1935-1936 approved the same and recommended them to the house in its third report dated the 10th of April, 1935.

The budget for the year 1935 of Canadian National Railways and Canadian National Steamships estimates totals operating revenues for the year at $180,000,000 and operating expenses of $163,200,000. In addition to operating expenses there are sundry other items charged against operating revenues including interest on funded debt due to the public amounting to $62,600,000, showing an estimated deficit on the year's operations of $45,800,000. Of this amount, however, $1,020,000, depreciation reserve and $780,000 amortization of discount on funded debt, or $1,800,000 in all, are not required in cash; so that the estimated net cash requirement on deficit account for the year is $44,000,000.

The total capital expenditures for the year, estimated as follows:

For additions and betterments, $5,279,600; for investments and securities representing capital expenditures, $220,400; a total of $5,500,000, call for no special comment beyond the fact that under the item of "hotels" some $600,000 is provided for opening the Saskatoon hotel, and $300,000 to continue the construction of the Vancouver hotel.

PRIVATE BILLS

Mr. T. H. STINSON (Victoria, Ontario) moved:

That for the remainder of the session all private bills when presented be read a first and second time and referred forthwith, and that standing order 105 respecting the posting of private bills be suspended.

An hon. MEMBER: No.

Mr. LAPOINTE: Carried.

Motion agreed to.

GRADE CROSSINGS

Hon. R. J. MANION (Minister of Railways): I desire to lay on the table a list of crossings protected or eliminated since January 1, 1933. This is the information asked for by the hon. member for West Middlesex (Mr. Elliott).

The statement is as follows:

The board of railway commissioners have supplied the following list of crossings at which protection was ordered, and a grant made from the railway grade crossing fund, from January 1, 1933, to date. These are divided between the classifications of urban and rural:

Rural Crossings

C.N.R. Bell and wigwag, and add wigwag to existing bell, Main st., Lancaster, Ont.—1.

C.N.R. Add wigwag to bell at Anderson's Crossing at mile 17.20 Sussex subdivision, N.B.—1.

L.E. & N. ry., & Grand River ry. Bell and wigwag at first crossing south of Dundern, Ont.—1.

C.N.R. Bell and wigwag at crossing at St. Mary's Jct., Ont., at mile 100.70 Forest sub.—1.

Pere Marquette ry. Diversion of side road just north of Provincial Highway No. 3 at Oldcastle, Ont.—1.

C.N.R. Improvement to view at crossing in Sec. 35, Twp. 33, Range 19 W 3 M, Biggary-Loverna branch, municipality of Winslow No. 319, Sask.—1.

Pere Marquette ry. Double bell and wigwag, one mile east of Kingsville, Ont., mile 95, St. Thomas-Walkerville sub.—1.

C.P.R. Bell and wigwag, mile 39.53 Havelock sub., 3.3 miles west of Ardendale, Ont.—1.

Pere Marquette ry. Double bell and wigwag at mile 29.13 on south line of Con. 1, Twp. of Gosfield, county of Essex, Ont., mile 1.27 miles west of Kingsville depot.—1.

C.N.R. Bell and wigwag at crossing at mile 33.85 Springhill sub., N.S.—1.

C.P.R. Double bell and wigwag at crossing just east of Dixie station, Twp. of Toronto, Ont., county of Peel, mile 12.61 London sub.—1.
C.N.R. Two floodlights at crossing immediately west of station platform at Tillsonburg, Ont.—1.
C.N.R. Bell and wigwag at crossing at mile 23.2 Huntsville sub., Ont.—1.
C.N.R. Bell and wigwag at second crossing east of Delhi, Ont., mile 82.66 Cayuga sub.—1.
C.N.R. Add wigwag to bell at Drummond road, Twp. of Stamford, Ont.—1.
C.N.R. Bell and wigwag, mile 23.89 Brampton sub., Ont.—1.
C.N.R. Improvement to view at crossing just north of Falkenburg, Ont., mile 15.59 Huntsville sub.—1.
C.N.R. Improvement to view at crossing, mile 47.79 Milton sub., south of Palgrave station, Ont.—1.
C.N.R. Improvement to view at crossing at mile 12.15 Chester sub., at Hubley, N.S.—1.
C.N.R. Improvement to view at crossing 3 miles east of Moulton, Ont., mile 30.06 Cayuga sub.—1.
C.N.R. Bell and wigwag, Fourth and Centre streets, village of King, county of York, Ont.—1.
M.C. Rd. Improving view, crossing of Provincial Highway No. 3, Dunnville road, mile 3.51 miles east of Canfield jct.—1.
C.N.R. Improving view at crossing just east of Peffers station, county of Perth, Ont.—1.
C.N.R. Diversion and subway, at Alma, N.S. Pictou branch.—2.
C.P.R. Diversion and overhead crossing at mile 43.73 Nelson sub., B.C.—1.
C.P.R. Diversion and subway at mile 0.76 Kingsgate sub., B.C.—2.
D.A. ry. Diversion at Kentville, N.S.—2.
C.P.R. Bell and wigwag at Queen st., Twp. of Etobicoke, Ont., mile 1.21 Obico cut-off.—1.
C.N.R. Improvement to grade of crossing at Onslow, N.S., mile 2.49 Springhill sub.—1.—Total, 32.

Urban Crossings

C.N.R. Double bells and wigwags, London street, Thamesville, Ont.—1.
M.C. rd. Bell and wigwag, Clifton Hill st., Niagara Falls.—1.
D.A. ry. Stannus street, Windsor, N.S.—1.
D.A. ry. Main street, Yarmouth, N.S.—1.
C.P.R. Double bell and wigwag, Raglan st., Renfrew, Ont.—1.
C.N.R. Add wigwag to bell at Timothy st., Newmarket, Ont.—1.
C.N.R. Add wigwag to bell at Water st., Newmarket, Ont.—1.
C.P.R. & T. & N. O. ry. Crossings at Golf street, North Bay, Ont.—2.
C.N.R. Add wigwag to bell at John st., New Glasgow, N.S.—1.
C.N.R. Add wigwag to bell, crossing at Matapedia, Que.—1.
C.N.R. Double bells and wigwags, Hurontario st., Port Credit, Ont.—1.
C.N.R. Double bell and wigwag, Memorial ave., Port Arthur, Ont.—1.
C.P.R. Add wigwag to bell, Talbot st., St. Thomas, Ont.—1.
T.H. & B. ry. & C.N.R. Hamilton viaduct.—8.—Total, 22.

BANK OF CANADA ACT

Mr. THOMAS REID (New Westminster) moved for leave to introduce a bill to amend the Bank of Canada Act.

[Mr. Manion.]

Mr. GUTHRIE: Explain.

Mr. REID: There are two changes contemplated in the proposed bill. The first is to amend paragraph (b), subsection 3, of section 25, and would empower the minister to purchase silver for the redemption of dominion notes. The second amendment is to repeal subsection 4 of section 26. As the section stands at present, it expressly prohibits the Bank of Canada from purchasing a greater amount of silver than 1,671,802 fine ounces during a period of three years—1935, 1936 and 1937. The change proposed in the bill provides that the Bank of Canada shall not hold less than 1,671,802 fine ounces and so removes the prohibitory provision of the section.

Right Hon. R. B. BENNETT (Prime Minister): If the hon. gentleman's statement is accurate, as it is no doubt intended to be, the motion is out of order. He said a moment ago that the bill contemplates the expenditure by the minister of moneys for the purpose of dealing with silver, and it comes directly within the prohibition whereby measures of this kind must emanate from the government of the day, with the authority of a message. Apart from all that, the effect is to change the policy that has been defined by parliament. I suppose a private member could move to do that were it not that it involves the question of the expenditure of money, as a bill did the other day. I therefore submit that the motion is out of order.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I rise to a point of order. In this matter we have to consider the corporation as it is, whether it is a private capital corporation or a state-owned corporation. It is not state-owned. The capital of the bank is private. If the remarks of the Prime Minister are correct, if the Bank of Canada is a public institution with no private capital, I submit that the government should answer the questions which were put by the hon. member for Vancouver Centre some time ago. If not, very well. I contend that the motion proposed by the hon. member for New Westminster should be accepted.

Hon. IAN MACKENZIE (Vancouver Centre): On the point of order, the Prime Minister raised two points, though he abandoned the second one in regard to a private member's right to propose an amendment to the Bank of Canada Act. That objection could not stand for a moment. As I understand the bill as explained by the hon. member who proposes it, it does not seek to impose obligations on the crown.

Mr. BENNETT: He said the government would purchase—

Mr. MACKENZIE (Vancouver): I do not think so. My understanding is that it seeks to abolish the maximum limitation of the amount of silver, which is specifically limited by one of the sections of the act. If that is the case I do not think it does impose obligations on the crown. However, I should be glad if Your Honour would look into the matter. It is different from the point raised by the Prime Minister the other day. I agree that the former bill did affect the revenues of the crown, but I do not think that is the case here.

Mr. BENNETT: If I may be allowed to speak again, I would point out that it is not a question of the revenues but of the expenditure of moneys for the acquisition of silver. The hon. gentleman proposed that the government should expend money for the purchase of silver.

An hon. MEMBER: I do not think so.

Mr. BENNETT: That is what he said in moving for leave to introduce the bill; that was what caught my attention. The bill clearly contemplates that the minister shall spend money, and it is not competent for a private member to instruct the house that the minister shall spend money to buy silver.

Mr. SPEAKER: I am inclined to think that the objection raised by the Prime Minister is a vital one. However, if the hon. member will allow the matter to stand until to-morrow I shall have an opportunity in the meantime to consider his remarks as reported in Hansard and will then rule on the question.

Motion stands.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOMALCO INDIAN RESERVE

Mr. MUNN:

1. How much timber was sold from Homalco Indian reserve No. 4, Orford bay, British Columbia, since 1920?
2. What was the price per thousand feet B.M.?
3. What disposition was made of these moneys since 1920?
4. How much money was received from rentals and leases since 1910 from the above reserve?
5. What disposition was made of these moneys?
6. How much timber was sold from Homalco Indian reserve No. 1, Homalco river and Bute inlet, since 1917?
7. What price was received per thousand feet B.M.?
8. What disposition was made of the above moneys since 1916?
9. How much money was received from rentals and leases from Homalco Indian reserve No. 1, since 1910?
10. What disposition was made of these moneys?

Mr. MURPHY:

1. 11,881,426 f.b.m.
2. $1.70.
3. Credited to band funds and distributed to Indians in accordance with the provisions of the Indian Act.
4. Rentals and leases: timber, $192; land, $10,700.35.
5. Credited to band funds.
6. 7,495,258 f.b.m.
7. $1.90.
8. Credited to funds of the band and distributed to Indians in accordance with the provisions of the Indian Act.
9. Rentals and leases: timber, $156; land, $400.
10. Credited to band funds.

NATIONAL DEBT

Mr. FONTAINE:

What is the exact amount of the national debt?

Mr. RHODES: The net debt of Canada as at March 31, 1935, as estimated in the budget speech, was $2,847,678,000. The accounts for the year have not yet been finally closed.

FIRMS PAYING INCOME TAX

Mr. STEWART (West Edmonton):

1. What is the total number of firms paying income tax in Canada?
2. What is business turnover of firms paying income tax (total amount only)?
3. What is percentage of net earnings to turnover?

Mr. MATTHEWS:

1. 8,913 corporations (fiscal year 1933-34).

2 and 3. Not available as statistics are not maintained in such a manner as to give the information requested.

MR. RAY STEWART

Mr. CAMPBELL:

1. What position, if any, does Mr. Ray Stewart, in the county of Leeds, hold with the present government?
2. What are his duties, and his salary?

Mr. STEWART (Leeds): 1 and 2. Not employed in federal government service.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN FARM LOAN BOARD

Mr. DUBOIS:

1. What are the names, occupations and salaries of the persons hitherto employed by the Canadian Farm Loan Board at the Quebec provincial office who were dismissed after the latest amendments to the Canadian Farm Loan Act were assented to, and on what date was each such person dismissed?
2. What are the names, occupations and salaries of the persons appointed by the government to the Quebec provincial bureau of the Canadian Farm Loan Board after April 17, 1935, and on what date was each such person appointed?
3. How long was the Quebec provincial bureau of the Canadian Farm Loan Board closed to the public?
4. Since April 17, 1935, to date, how many letters were received at the Quebec provincial bureau of the Canadian Farm Loan Board, and how many of such letters are still unanswered?
5. Since April 17, 1935, how many loan applications have been received at the Quebec provincial bureau of the Canadian Farm Loan Board, and how many of such applications have not yet been considered?
6. What is the number of inspectors actually in the employ of the Quebec provincial bureau of the Canadian Farm Loan Board for the purpose of appraising the value of farms of prospective borrowers?

Mr. RHODES: Return tabled herewith.

AIRPORT PROJECT EXPENDITURES

Mr. ARTHURS:

What amount, if any, has been spent for the opening of an airport at or near Emsdale, at or near South River and at Lake Two Rivers, project 144 (a) for land; (b) for salaries and wages; (c) other expenditures; (d) board and clothing; (e) what is average number of men employed?

THE LATE VISCOUNT BYNG

TRIBUTES TO HERO OF VIMY AND FORMER GOVERNOR GENERAL BY MR. BENNETT, MR. MACKENZIE KING AND MR. GARDINER

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, it is with feelings of great sadness and profound emotion that I have to announce to the house the death this morning of Field Marshal the Right Honourable Viscount Byng of Vimy. I am sure that all the members of this house and men and women in every part of Canada and in every walk of life will share those feelings.

Lord Byng had a very long and distinguished career. It is over fifty years since he joined the army, but his career was great alike in peace and in war. He saw service, while still very young, in the Sudan and later in the Boer war in South Africa. When the great war came, he went to France with a cavalry division and saw service on the western front, commanded the Ninth Army Corps at the Dardanelles, the Seventeenth Army corps, and ultimately succeeded to the command of the Canadian Army corps.

I need hardly say that to every Canadian who served overseas, his command of that corps is one of their proudest recollections and memories. It was while acting in that capacity that he carried forward the operations which resulted in the victory at Vimy Ridge. Some of the members in this house who were present on that occasion realize more fully than could be realized by any words of mine, if I could but describe it, the preparation that was made for that great adventure. I recall reading not long since the story of the departure of the Germans from that hill when a high German staff officer with tears streaming down his face, said "Impossible, impossible!" For the achievement was one of the greatest in the annals of war; such preparation—such patient preparation—had never before been known. The valour of Canadians on that day stands out in the story of arms as one of the major achievements of man under great strain and stress and under the fire of big guns achieving an almost impossible task.

His fame and name established by that great achievement which ranked him not only as a great commander and a very great general, it is needless to say that he became so endeared to his men that it was no longer respect and regard for a great commander but affection for a great general that inspired them on all occasions. When the war was over, his country honoured him with a peerage, parliament thanked him for his services and he was honoured with a substantial grant of money.

Then one would have said that, resting upon his laurels, Lord Byng might well have been content; he had rendered great service to his king, the empire and the world, but he came here as governor general, as the representative of the king, and for five long years we recall with pride and satisfaction the position which he occupied in the affections of the Canadian people. Canadians of course recall him best because of the part he played at Vimy when he commanded the Canadian corps and for his position here as representative of the king.

He had a singular genius for friendship. If one might speak from personal experience, I think I have met very few men for whom one had a feeling not only of respect and

regard but of deep and abiding affection. He had that power over men with whom he came into contact that indicated that genius for friendship which is not given to many men. In every part of this country he was concerned for the welfare not only of all Canadians but particularly of those who had been his comrades in great struggle and strife and who had been under his command; for in war he cared for his men; in peace he cared with equal devotion for those who had survived. Indeed there are no words that I could use at this time that would express my profound admiration for the qualities of that great soldier. He had kept company with pain and strife, bloodshed and carnage, and it might be indeed said that he owed to virtue every triumph that he knew.

Then, when he returned and was honoured by his sovereign by being promoted to the rank of viscount, instead of resting quietly at his country estate in Essex, at the call of duty and really at the request of his sovereign he assumed the very difficult task of head of the Metropolitan police. He was compelled by reason of ill health to resign. He travelled a bit and when he returned to this country, hon. members will recall the manifestations of affectionate pride by Canadians who had served under him overseas and by men and women in every walk of life.

He has passed from us, but he has left behind him an imperishable memory. His life, its influence, its effect upon the lives of others will endure as long as the history and record of our country live. I trust we realize that we have lost something very precious, something that cannot well be mentioned or described in words. He was a man who was familiar with death in all its forms and who knew life as few of us are privileged to know it. He had a profound regard for religious teachings, especially in the faith and confidence he had that this life was but the beginning of another more glorious, and I think we might say of him:

> He is not dead! he has but passed
> Beyond the mists that blind us here
> Into the new and larger life
> Of that serener sphere.

I am sure I but speak the thoughts in the mind of every hon. member to-day in conveying to his widow, the partner of his joys, his sorrows, his pleasures, his triumphs, the deep sympathy of this house and every member of it in her irreparable loss, and to the members of his family who survive, that distinguished family, of which the name of the original bearer of the title is recorded in brass upon the stone flags of the great hall at Westminster, our sympathy in the great loss that has been sustained not only by wife and family but by this empire and every nation of it.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, members of both houses of parliament and the people of Canada generally will greatly appreciate the tribute which has just been paid by the Prime Minister (Mr. Bennett) to the memory of the late Lord Byng. As leader of the opposition and one who for a number of years enjoyed the closest official and personal relations with Lord Byng, may I say in deep sincerity that I join with all that has been said in praise of the great career which has just drawn to its close, and of the qualities which won for Lord Byng in his lifetime not only the admiration but the abiding regard and esteem of those who served with him and of all who knew him best. The loss which Britain mourns to-day in the passing of one of her most distinguished sons is a loss which will be felt in all parts of the British empire, but in no other part as much as in this dominion. Because of his immediate contact with Canadians in the great war as commander of the Canadian corps, and of the high position he held in Canada as governor general, Lord Byng was brought, on the field of battle and in affairs of state, into closer association with a larger number of Canadians than any other person who has held either of those positions. In that twofold way his life was more intimately linked with the lives of many of our people than that of any other governor general.

I shall not attempt to review the career of the late Lord Byng; that has already been done by the Prime Minister, and indeed it is already a part of history itself. But I should like to join with the Prime Minister in giving expression to a thought or two arising out of the personal association which I was privileged to have with Lord Byng during the years that I enjoyed the intimate and close association to which I have referred. Of the many qualities which served to endear Lord Byng to those who knew him I should say the greatest of all was his ever present sense of duty. Viewing his life as a whole, one cannot but see in it much that, from the point of view of service to the crown and to the state, was exemplary. From the very beginning of his interest in affairs it was a life of service, and service in a very large way. That life of service carried with it those characteristics of conscientiousness, fearlessness, love of

justice, the desire to see the right thing done, and to further the right with which one associates faithfulness to duty. Another quality which endeared Lord Byng to those who knew him best was his great modesty and accessibility. There was something exceptionally fine in the directness and simplicity of his nature. There was nothing affected about him, he was naturalness itself in his relations with his fellow men. Moreover, by nature, he was genuinely considerate and kind. He had a very great love for his fellow men. I think it was a distinguishing characteristic, that he was particularly fond of the average man. He had an especial concern, naturally, for those who had served with him in the great war, and it is little wonder that his name is held in reverence by the veterans of that great struggle. But his sympathy was essentially with human nature and with men of all classes. That was evidenced while he was in Canada by the extent to which he went from one end of this country to the other to become personally informed and acquainted with conditions, and to meet and know the people. I venture to say there are few, if any, who have held the great office of governor general in Canada who have left behind more personal friends and acquaintances than it was Lord Byng's privilege to have made during the time he was in this country.

There were other qualities, to one of which the Prime Minister has referred, which were also outstanding. Lord Byng was a great friend. I always felt in my association with him during the years I was in office that I had in him a friend with whom I could discuss most intimately and advantageously all the affairs that came before the government for consideration. The years from 1921 to 1925 were difficult and trying years. I should like to say that throughout that period I constantly felt that the government could not have received from a governor general more helpful counsel and assistance than was sought to be given to my colleagues and myself by Lord Byng.

Perhaps I can best express what my feelings were towards Lord Byng when I say to the house that in the early part of 1926, when we were drawing near to the end of Lord Byng's term of office and it became necessary to recommend a successor, I wrote to the British Prime Minister and said that, so happy and cordial had our relations been in all respects throughout all the time that Lord Byng had been here and we had shared so fully each others confidence, there was nothing which my colleagues and myself would more welcome, if it were agreeable to Lord Byng himself and to His Majesty the King, than an extension or renewal of his term of office as governor general. Such was the nature of our official relations. As is known, those official relations were severed owing to a difference of view on a constitutional question. But I felt then, I feel now, and I shall always feel, as regards both Lord Byng and myself, that each of us, with respect to that particular matter, did that which was right in his own eyes.

I feel that the empire has lost a great soldier, an exemplary citizen and a good man. I think we may all be proud that the name of Lord Byng of Vimy will have an enduring association with our dominion both at home and abroad. I join with the Prime Minister, as my colleagues on this side of the house will wish to do, in his request that Your Honour convey to Lady Byng an expression of the deep sympathy felt for her in her great bereavement by all hon. members of this House of Commons.

Mr. ROBERT GARDINER (Acadia): It was with deep regret that we learned a few minutes ago of the passing of Lord Byng, former governor general of Canada. Those of us who had the privilege of meeting him here, and indeed citizens resident in different parts of Canada who had that privilege, realize that his most outstanding quality was his broad human sympathy. I join with the Prime Minister and the leader of the opposition in extending to his bereaved relatives and to all those who are near and dear to him an expression of deep sympathy with them in their sad loss.

UNEMPLOYMENT RELIEF

REPORT OF MACDONALD COMMISSION APPOINTED TO INQUIRE INTO CONDITIONS IN BRITISH COLUMBIA

On the orders of the day:

Hon. IAN A. MACKENZIE (Vancouver Centre): I wish to ask the Minister of National Defence (Mr. Stirling) whether he has yet received the report of the Macdonald commission investigating unemployment relief in British Columbia. If so, will he table the report.

Hon. GROTE STIRLING (Minister of National Defence): The report to which the hon. member refers reached me this morning. I have not had time to look into it yet.

RADIO BROADCASTING COMMISSION

On the orders of the day:

Mr. ONESIME GAGNON (Dorchester) (Translation): Mr. Speaker, may I ask the hon. Minister of Marine (Mr. Duranleau) if he is aware that a certain number of employees of the radio broadcasting commission have not been paid since the last 15th March?

Hon. ALFRED DURANLEAU (Minister of Marine) (Translation): Mr. Speaker, I know that the payment of salaries of a certain number of employees of that commission, whose appointment had not been authorized by the treasury board, has been delayed for some time. Not very long ago, a list of these employees was forwarded to the treasury board and I believe that the payment of their salaries was authorized last Monday.

PRIVILEGE—MR. VENIOT

REPORT OF HON. J. B. M. BAXTER, ROYAL COMMISSIONER

On the orders of the day:

Hon. P. J. VENIOT (Gloucester): I desire to bring up a question of privilege, Mr. Speaker, but before doing so may I say that I hesitate to refer to this matter at this late stage of the session, when there are other more important matters to be decided before prorogation. I feel, however, that I am entitled to bring up this matter on a question of privilege. I am not sure that I am right, however, so I am now submitting the matter for Your Honour's consideration. On a question of privilege would I be entitled to deal with the report, that was laid on the table of the house yesterday, of Commissioner Baxter in connection with charges made by me on the floor of this house?

Mr. SPEAKER: If I were to decide the matter offhand I would say no, but I should prefer not to do that. I should like to give the matter consideration until to-morrow, if that would be satisfactory to the hon. member.

Mr. VENIOT: May I also request Your Honour, after you have given consideration to the matter, to indicate when or under what circumstances I might be permitted to bring up this matter.

VICTORIA BRIDGE TOLLS

On the orders of the day:

Mr. VINCENT DUPUIS (Laprairie-Napierville): On Friday last a delegation came from the counties of Chambly, Verchères, Rouville, Laprairie and Napierville, asking the government to reduce the tolls on the Victoria bridge. I understand that this delegation was received by the right hon. Prime Minister and his colleagues. I should like to ask the right hon. gentleman when he will be in a position to tell the house what will be the reduction, if any.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the delegation to which the hon. member has referred met a committee of the cabinet and presented a memorial in which they asked for modification of the present tolls on the Victoria bridge. As the matter was one wholly within the province of the railway company it was referred to that corporation in order that a report might be made upon the representations that were presented by the delegation. The report has not yet been received from the railway company. When it is received appropriate action will be taken.

GIBB REPORT

On the orders of the day:

Mr. PIERRE F. CASGRAIN (Charlevoix-Saguenay): I should like to ask the Minister of Marine (Mr. Duranleau) if he has any information to give the house as to whether the government intend to implement the Gibb report which was presented to the government a few years ago, and if so whether such implementation will be carried out before the end of the session or before the dissolution of parliament.

Hon. ALFRED DURANLEAU (Minister of Marine): In reply to my hon. friend I may say that the report has not been implemented by legislation, but has helped to bring about improvements in the administration of our national harbours. No legislation implementing the report will be brought down during this session.

ROYAL CANADIAN MOUNTED POLICE

SEIZURE OF SCHOONER PAUL T.—DISCREPANCY BETWEEN ANSWER TABLED AND ANSWER HANDED TO MEMBER

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): I promised the house that I would have the report of the answer to the question asked by the hon. member for Gloucester (Mr. Veniot) brought down from the Hansard office. The original is in my hands; it is initialled by "F", the clerk assistant at the table, and is in language exactly similar to that reproduced in Hansard of Thursday, January 24, 1935. It is open for inspection, but will be returned to Hansard.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Has the Prime Minister the answer that was handed by the Secretary of State—

Mr. BENNETT: To the clerk of the house?

Mr. MACKENZIE KING: —to the hon. member for Gloucester.

Mr. BENNETT: No, a page took that to the hon. member.

Hon. P. J. VENIOT (Gloucester): I never stated that the answer that appeared in Hansard had not been prepared by the department. My only contention was that what was handed to me as the official document did not appear in Hansard.

Mr. BENNETT: It was not handed as an official document.

INTERPRETATION ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 74, to amend the Interpretation Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

TRADE AND INDUSTRY COMMISSION

Hon. R. B. HANSON (Minister of Trade and Commerce) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to establish a dominion trade and industry commission, and to provide that the tariff board shall act as the commissioners with prescribed powers and duties, and that a director of prosecutions be appointed to carry on such legal proceedings as may be required under the provisions of the act.

He said: Mr. Speaker, the terms of the resolution indicate clearly the purposes for which it is placed before the house. It is proposed to bring in a measure to establish a dominion trade and industry commission, and to provide that the tariff board shall act as commissioners with powers and duties as indicated in the bill. There is a further provision that there be appointed a director of prosecutions to carry on such legal proceedings as may be required properly to make effective the terms of the bill. I believe a discussion on the resolution might be more effective in committee, and I would recommend that we proceed to that stage.

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

[Mr. Bennett.]

Mr. MACKENZIE (Vancouver): Will the director of prosecutions be a full-time appointee?

Mr. HANSON (York-Sunbury): Yes.

Mr. MACKENZIE (Vancouver): Has the minister any information to give out as to whether the government has decided who the appointee will be?

Mr. HANSON (York-Sunbury): No; no consideration has been given the matter.

Mr. MACKENZIE (Vancouver): Has the minister given any consideration to the question of remuneration for the commissioner?

Mr. HANSON (York-Sunbury): Yes, full consideration.

Mr. MACKENZIE (Vancouver): How much?

Mr. HANSON (York-Sunbury): It will be disclosed in the bill.

Mr. MACKENZIE (Vancouver): Will the rate of remuneration be fixed in the bill to be introduced?

Mr. HANSON (York-Sunbury): Yes.

Mr. GARDINER: Is there any particular reason for the government's decision to have the present tariff board act as commissioners, rather than setting up a separate board of commissioners for the purposes of this measure?

Mr. HANSON (York-Sunbury): One of the reasons is that we feel quite confident the tariff board can carry out the duties of the dominion trade and industry commission without setting up an independent body, and we will be saving money to the treasury.

Mr. EULER: The minister states that is one reason; what are the others?

Mr. HANSON (York-Sunbury): We feel the members of the tariff board are well qualified to carry out the work.

Mr. KENNEDY (Winnipeg): Is it the government's intention to add to the personnel of the tariff board, if this work is allotted to it, or is it considered that the present personnel is large enough to carry out the work?

Mr. HANSON (York-Sunbury): There is no provision in the bill for adding to the personnel of the tariff board, but there is a provision in the legislation setting up the tariff board whereby additional personnel may be added if required.

Mr. McINTOSH: Will supplementary machinery be established in each province in order to enforce the provisions of the board?

Mr. HANSON (York-Sunbury): As the hon. member must know, the administration of justice in Canada is in the hands of the attorneys-general of the provinces. The public prosecutor would be expected so far as may be necessary to collaborate with the various attorneys-general.

Mr. McINTOSH: I am not a legal expert; that is the reason I asked for the information.

Mr. GARDINER: Before the question is put may I ask if the minister really believes the present tariff board will have sufficient time to attend to the duties of both branches of their work, namely, that connected with tariffs and the work which will come to them as the result of this measure?

Mr. HANSON (York-Sunbury): Yes.

Mr. GARDINER: That is the point about which I am most concerned at the moment.

Mr. HANSON (York-Sunbury): Yes, they will.

Mr. DONNELLY: Is this to be the brain trust which is to control and regulate industry in Canada?

Mr. HANSON (York-Sunbury): I don't know anything about a brain trust.

Resolution reported, read the second time and concurred in. Mr. Hanson (York-Sunbury) thereupon moved for leave to introduce Bill No. 86, to establish a dominion trade and industry commission.

Motion agreed to and bill read the first time.

SUPPLY

DEPARTMENT OF MARINE

The house in committee of supply, Mr. Morand in the chair.

Canadian radio broadcasting service, $1,500,000.

Mr. LAPOINTE: In answer to a question asked before the orders of the day were called the minister replied that certain employees of the radio commission have not been paid since the month of March, because they had been employed without the necessary authorization of the treasury board, and that this condition must be adjusted before they receive payment. How did it happen that these people were given employment without the approval of the treasury board being obtained?

Hon. ALFRED DURANLEAU (Minister of Marine): Certain employees were taken by the commission and paid out of the program allotment, and I understand that the auditor general ruled that these employees had not been regularly appointed, that such appointments should have been authorized by the treasury board. There was a difference of opinion in this connection and the Department of Justice ruled in favour of the decision of the auditor general. The matter was submitted to the treasury board and at its meeting the appointment of these employees was authorized.

Mr. MALCOLM: Surely the minister does not mean to say that the artists employed by the commission must have their engagement confirmed by the treasury board. Has the commission not the right to hire its own artists?

Mr. DURANLEAU: I was referring more particularly to the announcers.

Mr. MALCOLM: They should be in the same position.

Mr. DURANLEAU: I understand that the Department of Justice ruled that these employments should have been authorized by the treasury board.

Mr. LAPOINTE: The announcers and people in similar positions are temporary rather than permanent employees, are they not?

Mr. DURANLEAU: Some of the announcers are permanent, others are temporary.

Mr. MALCOLM: They should not be permanent.

Mr. CASGRAIN: Some time before the recess we extended the life of the commission for a few months and I should like to know if it is the intention of the government to extend the life of the radio commission still further.

Mr. DURANLEAU: This matter has been under careful consideration by the government and we have come to the conclusion that we should ask the house to extend the life of the commission to the end of this fiscal year. The commission has been in operation only since January 1, 1933, and it was thought that it should be continued a few months longer and we should let another parliament decide whether it should be abolished or its powers modified. A bill will be presented shortly to extend the life of the commission to the end of this fiscal year.

Mr. FRASER (Cariboo): This is the vote under which extension of services will take place. The service in British Columbia is

very unsatisfactory and I should like to know what works are to be undertaken to bring about improvements.

Mr. DURANLEAU: I am not in a position to give details but I may say that the commission has in mind the construction of powerful stations throughout Canada, one to be located in Vancouver. The commission hopes to be able to start this program of construction within a very short time.

Mr. FRASER (Cariboo): Is anything provided in this vote for that work?

Mr. DURANLEAU: I understand that the commission intends to use a certain part of this vote to start its program. I believe it intends to commence the construction of the station in Vancouver as soon as it is authorized by the government.

Mr. FRASER (Cariboo): The minister has just indicated that the commission proposes to construct a high-powered station in Vancouver. As briefly as possible I should like to outline the situation in British Columbia. Vancouver and its immediate environments on the lower mainland is situated in the southwest corner of the province and I believe this is one of the reasons why we have such unsatisfactory service. There are six private stations operating in Vancouver and even though the city and its immediate surroundings contains two-thirds of the population of the province I believe it has pretty fair service at the present time. The government should consider carefully before it decides to construct another high-powered station in Vancouver. The minister should consider if it would not be for the general benefit of the outlying sections of the province to locate such a station at a more central point than the city of Vancouver. The reception received by points in the interior of the province is exceedingly unsatisfactory and the construction of a high-powered station in Vancouver will not improve the situation. One quarter of the power of such a station will go out over the Pacific ocean while another quarter will go south across the line where the American people are well served with their own stations. The people in the interior of the province have no reception at all except when they turn on the American stations. The general complaint throughout the province is that they can only get reception from the American stations. I therefore appeal to the minister to have this situation looked into carefully and to see whether a better location could not be secured than the city of Vancouver.

[Mr. J. A. Fraser.]

Mr. DURANLEAU: I shall be pleased to call the attention of the radio commission to my hon. friend's remarks, which I am sure they will consider carefully.

Mr. BOULANGER: Is it the intention of the commission to discontinue broadcasting French programs in the western provinces?

Mr. DURANLEAU: I have no intimation or knowledge of any such intention on the part of the commission.

Mr. MUNN: It is recognized that Vancouver is the most central point in British Columbia as regards population, and I would impress on the minister the advisability when the station is built of having it sufficiently strong and sufficiently high powered that interior points will be taken care of, especially in the riding of Cariboo, from which my hon. friend comes.

Mr. GARDINER: What progress has been made in the last year by the commission either in acquiring stations or in building new ones?

Mr. DURANLEAU: I have not the details before me of what they have done in the last twelve months. I know however that the commission has built and opened a station in the city of Quebec and another one, more than a year ago, at Chicoutimi. Another one is in operation at New Carlisle in Bonaventure county, and I believe a station of 1,000 watts was purchased and is operated at Windsor, Ontario. There are other stations which have been opened up by the commission, not very powerful however—1,000 and 5,000 watt stations.

Mr. GARDINER: What progress has been made by the commission in taking care of outlying districts, not only in Quebec but in other parts of Canada, which do not get very much service from the ordinary stations?

Mr. DURANLEAU: The aim of the commission is to cover every section of Canada as far as possible, but as I have already stated the appropriations that have been voted have not been sufficient to allow the commission to build expensive stations such as are built in other countries. The commissioners have been doing all they possibly could with the moneys available, $1,000,000 odd voted last year and the amount being voted this year; but they cannot maintain first class programs and build powerful stations all over Canada in one year. Everyone will admit, I think, that the amount is inadequate, but it was our view that in these years of depression we should not have been justified in asking this house to vote large amounts to build powerful stations

throughout the country. I hope that during this fiscal year the commission will be in a position to execute a part of its program.

Mr. GARLAND (Bow River): Last year, Mr. Chairman, your were the chairman of a radio committee which, with a good deal of care and time, undertook to make an examination into the conditions that had affected radio broadcasting in this country up to that time. Your committee reported, making certain recommendations, which I think were well thought of. One of them advised the government to undertake the further consideration during the recess of amendments to the act to meet the suggestions made by the committee. I should like to know what the government has done in regard to the report of the radio committee of last year—whether an investigation has taken place with respect to its recommendations and whether the government proposes to amend the act and, if not, why not?

Mr. BENNETT: When the bill is introduced extending the life of the radio commission until the end of the next fiscal year, as it will be, I desire to make some observations touching the whole radio situation in this dominion. The real truth is that the effort to destroy this publicly owned utility is very well known and is very active, and whether or not the utility can be saved will depend upon the attitude of the House of Commons towards it and their willingness to realize that a country that is as poor as we are cannot spend at once the money that is required to make this facility as perfect as it should be. I may say to this committee very frankly that it will require a very large sum of money to give a country of the size of this that coverage which would approach perfection. I had occasion the other day in England to make some inquiries regarding the manner in which they were proceeding with their broadcasting corporation. It will be known to members of this committee that Sir John Reith, who is managing director of the British Broadcasting Corporation, went to South Africa to make them a report, and he reported—I think the report has been published; if not, I am not divulging any confidence when I say that he reported in favour of a publicly owned service. The same applies to Australia and New Zealand. We in this country are in an exceedingly difficult position. We have ten and a half millions of people and we have to rent several thousands of miles of wire in order to broadcast on an efficient scale. That is very expensive having regard to the existing rates for leasing wires both from railways and telephone companies. And then always insidiously is the attack made against the publicly owned facility and the effort made to destroy it. I will deal with that at somewhat greater length, but I should like to say this to the hon. member for Bow River (Mr. Garland). Possibly he realizes that sometimes in our anxiety to be critical—I am not referring to anything that has taken place to-day but more to what occurred last year—we do the thing itself an injury. I think that perhaps that is recognized by most men who have studied the situation. I have a considerable amount of information and I shall be pleased to place it before the house on the second reading or when the bill is in committee. I am convinced that at the present time only one of two things can be done. Whoever is on the treasury benches will have to ask parliament for a grant of money to enable these facilities to be provided, if they think the conditions in the country will stand it, or to utilize the revenues to the extent that may be possible, gradually to build the stations necessary—gradually.

That is one in the east, one in the west and one somewhere else, in order that there may be a complete coverage. I do not know how the committee feel about the matter, but the more I see of it and know of it, the more determined I would be, if I were here, that I should not yield this facility to any private enterprise. That is my firm conclusion with respect to the matter. I say that very strongly, and the more I see of the matter, the more convinced I am.

I also realize the committee must take cognizance of the fact that we must proceed gradually or else parliament must be prepared to provide a larger sum of money than we feel we can ask at the moment, in order to give effect to some of the recommendations that were made last year. I should like to ask the tolerance of the committee at the present moment in order that when the bill is moved, they may be presented with such facts as various officials have been able to gather together during the past few months and there may be added to it, such observations as are prompted by the information that I have received, for, as the members of the committee possibly know, a committee has been set up again to consider the broadcasting situation in Great Britain. I think it is headed by the former speaker of the House of Commons, the present Lord Ellsworth. That is my memory; I speak subject to correction in that regard. I shall endeavour to

place before the committee at the proper time, when the bill is being moved, such information as I have on the subject.

Mr. EULER: When does the Prime Minister propose to introduce the bill?

Mr. BENNETT: Right away.

Mr. EULER: To-day?

Mr. BENNETT: No.

Mr. GARLAND (Bow River): I regard the statement made by the Prime Minister as probably one of the most important he has made this year in the house. I can assure him now, in the future as in the past, of my hearty cooperation with him in maintaining the principle of public ownership. My purpose in asking the question was far from being critical as I think you, sir, as chairman of the committee of last year will remember. I wish to know, however, whether the government has taken into consideration a recommendation of the committee for an alteration in the set-up of the personnel of the commission, with a view to eliminating certain charges and difficulties of management that had become apparent to the committee.

As for the commission's work itself, I have for the greater part of that work a very sincere admiration, and I think the commission on the whole is to be congratulated on what it has succeeded in doing with the meagre funds at its disposal and the technical difficulties under which it operates. But that should not prevent those of us who feel that in this question the whole principle of public ownership may be at stake, in doing all we can to see to it that the recommendations of the committee of last year, in so far as they may be practical and possible, are carried out. We felt those recommendations were calculated to stimulate the character of the commission, to strengthen the principle of public ownership in regard to radio broadcasting and to improve the facilities of the commission. I am glad to hear what the Prime Minister has said, and I am sure the committee will wait with interest a further statement from him when the bill comes down.

Mr. EULER: I was one of those who were on the original committee that brought in the report upon which was based the bill establishing a radio commission. I was then and I am still in favour of public ownership of this utility. I also earlier this session made some rather strong criticisms of the way in which the work was carried on. I do not propose to repeat those criticisms to-day, but I do hope when the Prime Minister or the Minister of Marine, if he has the matter in charge, discusses the bill, some of the criticisms made at that time in good faith will be answered and that there will be some hope at least that the conditions complained of will be remedied.

Before I sit down I would like to ask a question—and it is called forth by an observation of the Prime Minister himself—with regard to the funds available, whether all the revenues that come from licences, any revenues that may come on the account of the radio commission, are used for radio purposes? If they are not, they ought to be and no complaint should be made that there is not enough money if all the money that comes in on radio account is not used.

Mr. DURANLEAU: My hon. friend knows the amount of revenue in licence fees.

Mr. EULER: No, I do not.

Mr. DURANLEAU: Last year we collected, I think, $1,480,000, or around $1,500,000. A small balance was left last year. That is why I am asking the committee to vote an amount of $1,500,000. It covers all the moneys collected from radio licences.

Mr. EULER: Was the total revenue spent last year?

Mr. DURANLEAU: The total was spent last year.

Mr. GARLAND (Bow River): Arising out of that very matter, may I ask the minister whether he recollects that before the radio commission was set up, there had been on the part of radio listeners an overpayment in relation to services of a sum that, I am informed, is in the neighbourhood of $1,100,000. It is true that that was placed in consolidated revenue account, but in my opinion—and I feel sure, other members of the committee will agree with me—that money should have been appropriated and placed at the disposal of the commission when it was set up. In that case the commission would certainly have had more ample funds to operate with than it has had in the past.

In the event of the amendment proposing an appropriation by parliament to the extent of $1,000,000 to assist in setting up stations owned by the commission, it should be regarded not as a charge upon the radio users of this year but as a general charge upon all the taxpayers for that account, because of the fact that it has been used on general taxpayers' account instead of going, as it should have gone from the beginning, to improve the facilities for those who paid the fees. There is about $1,000,000 of a surplus. Of course it

went into consolidated revenue account and was expended in the usual way, but that amount should never have been regarded as usable for that purpose; it should have been kept for the commission or, rather, should have been turned back to it.

Mr. BENNETT: The question of funds is of course the vital one. In Great Britain they have now over 7,000,000 licensees, a licence costing substantially $2.50 of our money; it is a little more than that. Of that amount the broadcasting commission has only four shillings and sixpence at its disposal; the rest of it goes to the government. But there you have a compact little island of 40,000,000 people, and you have not any such problems as we have such as cost of wires and costs of leasing wires and things of that sort. To-day in France they are projecting advertisements across the channel throughout England, and also in Germany a high-power station is advertising certain goods that are sold largely in the British islands. The problem with us—

Mr. EULER: Put up a tariff wall.

Mr. BENNETT: That is it exactly. The problem with us is one of money and I desire to speak at some length about that, because I am going to be extremely frank with the committee. The life or death of our adventure in the field of public ownership of the radio depends largely upon our willingness to nurse this infant until it can become strong enough to fend for itself. That is the real truth about the matter and to do that means that it has to be fed money. The difficulty is to find the money except from the licence payers. I think we should at this time use for the purposes of the commission all the money that comes from licences; that is my view.

Mr. NEILL: I wonder whether the minister could give us any declaration of his policy in regard to a matter about which I had some correspondence with him.

It is the question of giving authority to his inspectors or some branch of the board to compel people who are running electrical machines that cause interference to remedy the trouble. The board spends considerable money in sending cars throughout the country to locate what is called interference. In British Columbia the minister has some very capable men, one especially; he comes around, being requested to do so, and locates the cause of interference. But he is utterly powerless to do anything to have that source of trouble eliminated. He can go and advise people and plead with them, but that is all. Unfortunately, there are hogs in the world who are indifferent to any appeal of that kind, and will only pay attention to a direct mandate backed by law. Often the trouble can be so easily eliminated. I tied up the whole radio service of the little town where I live one day by starting a small electric fan in my office, and for political reasons I did not wish to be so highly unpopular. It only cost me about $4 to provide the necessary remedy. There are people who are totally indifferent to the convenience of anyone but themselves, and who will run little electrical machines, which could easily be fixed to avoid any trouble, but, regardless of the inconvenience they are causing, they refuse to do so. In the case of a power plant and the like the cost might run into a greater amount, perhaps $100, but still there is no reason why even they should not march with the times and not cause trouble to a large number of people who now own radios. In these days, when everything we do or say is regimented, from babies upward or downward, as in the case of Ontario, I think we might well put some teeth in the act and give the inspector or the board power to compel the removal of the grievances to which I have alluded.

Mr. DURANLEAU: There is no doubt that one of the great difficulties of our inspectors is that they have no power over those who operate electrical machines which cause interference. I had a report some time ago from the chief of my department suggesting an amendment to the Canadian Radio Broadcasting Act which would give authority to the inspectors to order certain amelioration of these machines and to confiscate the machines in case the orders of the inspector are not complied with. This is a delicate question, the government have had it under consideration for some time. Would it be advisable to bring in such legislation at this session?

Mr. NEILL: But it has been under consideration for some months, if not a year or more, and I suggest that now is the time for action, in view of the approach of an election when we shall all want to listen to the radio addresses of the leaders. The minister has agreed that this evil exists, then why not take some action? I think the Scriptures say that now is the accepted time, to-morrow may be too late.

Mr. DURANLEAU: There may be a constitutional question on that point; it is a matter of interfering with the right of operation of private property. For instance, phy-

sicians nearly all have electrical machines in their offices which in some cases cause interference with radio reception.

Mr. EULER: And oil-burners in furnaces.

Mr. DURANLEAU: Some oil-burners, too, but I am told that it is the machines operated by doctors which are causing most trouble at the present time.

Mr. NEILL: But is it not a fact that often it could be remedied at very slight cost? Some are old-fashioned machines, or machines with defective brushes, I think they are called, which could be readily altered. I suggest that the inspectors should have power to use discretion in these matters, and where people deliberately tell him to go to a warmer place and will do nothing, however small the cost, I think he should have power to compel them. Why should the convenience of a large number of people suffer from the miserliness or meanness or dog-in-the-manger attitude of such people?

Mr. BROWN: I am not very familiar with the activities of the radio commission. It may well be that the complaints which have arisen are well-founded; indeed one can scarcely think otherwise since they come from all parts of the country. At the same time I feel it is the duty of this house and of the people to give this commission every possible chance to make good. I am a long way from being a socialist to the degree of wanting all our activities brought under government control. I disagree with many of the propositions which are now being made to control us in the activities of our private lives, but at the same time I believe there are some activities that can be performed properly only by the people as a whole represented by their government. Such activities we speak of as natural monopolies. There is no reason why broadcasting should be in the hands of private parties. No private individual or company has any vested right to give this service to the people, it is one of the things that the government should control. When the proposal was made for a radio commission I gave it my heartiest support, and I am still prepared to give it that support. We can well believe that there are private interests that are doing their best to destroy public ownership in radio broadcasting. To me it would be a disaster if through any fault of the commission, whether it be incapacity from the business point of view, or from motives of partisanship, government control of radio should come into such disrepute among the people that they would want the act which brought the commission into being repealed. The disaster to my mind would be just as great if it were brought about by undue impatience on the part of the people. We should be willing to give the commission a reasonable time in which to make good. That is not saying that there are not some grievances which should be aired. But while having that in view it is in the interest of the Canadian people to give the commission a fair chance, criticizing them where they should be criticized, but at the same time maintaining our stand for public ownership. If public ownership cannot succeed in connection with radio broadcasting, then I do not see any activity in which it can be successful. I am a public ownership man to the extent at least of believing that these natural monopolies should be held by the people. So as I say I hope that nothing in the activities of the commission itself or of undue impatience on the part of the people with imperfections in the service will tend towards putting the whole matter back into the hands of private owners.

Mr. EULER: I agree with a good deal of what the last speaker has said. My complaint originally was that so little progress has been made in the purposes for which the commission was established, that is gradually to eliminate private broadcasting. But I shall not deal with that further at the moment. Can the minister say whether the commission has given any consideration to a complaint which has been made by others as well as myself concerning a certain regulation? I have not the exact wording, but this is what I said a few weeks ago:

> Then finally I come to the censorship established by the commission.... Article 90 provides that no broadcasting station may broadcast any statements or suggestions contrary to the expressed purpose of any existing legislation.

If I understand the English language that means that any speaker, we will say during the coming campaign, who criticizes any legislation now on the statute books will be in danger of imprisonment, perhaps. Surely that is not a fair regulation to maintain. It is perfectly certain that during the coming campaign there will be a great deal of criticism of legislation on the statute books to-day, perhaps some of it placed there by the present government. Surely a member of parliament or anyone else speaking publicly during the campaign should not be exposed to any penalty whatever if he declares himself opposed to any legislation that may now exist. That is the only way in which progress can be made, by criticising that which we have

and correcting it if the people see fit to do so. I believe that regulation should be struck out or altered.

Mr. DURANLEAU: Probably my hon. friend knows that this section of the regulations has not been put into force in any particular case.

Mr. EULER: It should not be there.

Mr. DURANLEAU: The commission has been very broad and lenient towards any public man who wanted to speak over the radio, to criticize laws, governments or parties. The commission has never interfered. The question of whether or not this section should disappear probably will be considered. Certainly I will direct the matter to the attention of the commission and ascertain whether they intend to put that regulation into force.

Mr. MALCOLM: Does the minister mean to say that the commission has power to pass a regulation with regard to what may be said over the radio that will stifle the speeches broadcast by every hon. member of this house so that, in order to get our opinions expressed, we will have to rely on the daily newspapers and have those opinions circulated. Does the minister mean to imply that he will speak only to the commission about a matter of such great national importance? It sounds to me like the height of absurdity. The government should amend the regulation.

Mr. DURANLEAU: Of course the commission has some control over the private stations and it has the right to prohibit any defamatory speech, for instance.

Mr. MALCOLM: That is not what it says.

Mr. EULER: It says a man may not express any opinion contrary to any legislation we now have on the statute books. I protest against the extreme nature of the regulation. I could understand it if they were empowered to prohibit the broadcasting of speeches of an inflammatory nature, or those which perhaps advocate violence or anything like that. But if a man gets up, as hundreds and thousands will during the coming campaign, and criticizes legislation that has been placed on the statute books by this or perhaps the preceding government, surely he should not be liable to a penalty or to imprisonment for doing so. The minister says the commission have never exercised that power, but I do not regard that as a satisfactory answer at all. We might pass a law providing that a man might be hanged for stealing; it might be said that no one ever is hanged for stealing, but that would not be a sufficient excuse. I maintain that this power should not be in the hands of the commission at all.

Mr. HEAPS: Are these the regulations of the commission?

Mr. EULER: Yes.

Mr. HEAPS: Would it not be very easy for the minister to see that this regulation is removed? So long as the regulation is there it is quite possible that the man in charge of radio broadcasting, that is to say Mr. Charlesworth, might decide to live up to the regulations, as he should. If he lives up to them and carries out the intent of that provision then any opposition member of this house would be barred from speaking against any legislation that has been enacted by the government. Since that is the case I think in fairness, and in order to protect the right of freedom of expression, the minister should see that this restriction is removed from the regulations of the commission. I believe there was some difficulty last year in British Columbia, where a political organization was deprived of the right to use the radio because they were delivering political speeches which evidently were not satisfactory to certain persons who were opposed to them. I believe in that case the regulations were carried out. I would suggest, Mr. Chairman, that the minister pledge himself to this committee—

Mr. MALCOLM: No; let the minister present the amended regulations to the house.

Mr. HEAPS: He should either present the regulations to the house or pledge himself to the committee that at least this regulation will be eliminated from the rules governing broadcasting in Canada. I agree that there may be times when a broadcasting station may be justified in barring certain types of radio speeches. I need not mention the types that probably would be objectionable, but I think when it comes to a fair discussion of political questions and a fair expression of opinion there should be no limit to the use of the radio in this country.

Mr. CHURCH: Mr. Chairman, as a supporter of public ownership may I say that if the radio commission is a sample of public ownership the sooner it dies a natural death the better it will be for this country. I sat in opposition when a royal commission was appointed, consisting of Sir John Aird and others, to go into this question; that was about the time of the Beauharnois deal. They went all over the world; they even went to Japan, and in their report they recommended the appointment of such a commission. Last

year we voted $1,250,000 for the radio commission, which represented an increase of $250,000 over the previous year.

There is a great deal of dissatisfaction with the administration of this commission and with the gentlemen who are members of it. I was listening to the radio last Sunday evening; I was receiving an Anglican service from St. Simon's church, Toronto, from seven to eight o'clock. The prayer before the recessional hymn was written by the great Archbishop Cranmer, who was burned at the stake during the reformation; then, in the midst of the singing, the station switched off the church service and switched on a cocoa advertisement, a Yankee tobacco advertisement and other programs of that kind. Where does the Lord's Day Act come in? It would be a good thing for the people of Canada if this particular kind of public ownership were abolished; even if it meant an increase in licence fees it would be better for us, if we could get rid of some of the objectionable advertising that is being broadcast day after day. We have heard a good deal about the new deal. I know of no agency that is doing more to Americanize the people of Canada than this same radio commission. This commission was set up by a Liberal government, and in the Toronto district the employees are very largely Liberals. What they know about announcing is beyond me; I do not know where they obtained their experience. If the minister wants to have public ownership let him have real public ownership and give the people of this country radio service at cost. Let the people pay for it, and then perhaps we will not have to listen to the jazz that is broadcast night and day, winter and summer. Upon my word, as a Conservative I am surprised at what is heard over the radio, and even at what appears in the newspapers, in connection with politics, sports and everything else. The morning papers of Toronto carry about a page of American baseball news and about half a column of news about the House of Commons. The evening papers contain a few lines more. I would say in connection with this radio question that we have to go to the old country to see what is being done. I could tell you what the British Broadcasting Corporation did with the Baldwin government in 1924, 1925 and 1926; they put them out of office. Protests were received from Italy, Poland and other countries as to the political propaganda which was waged against Italy by the British Broadcasting Corporation. If we wish to continue as a Conservative party the people on the treasury benches will have to take steps to put the brakes on the radio commission before the election.

Mr. HEAPS: How many private licences have been issued by the department since the radio commission came into existence?

Mr. DURANLEAU: We have issued 74 private licences for radio stations.

Mr. EULER: How many were there when the commission was established?

Mr. DURANLEAU: I am not informed as to that.

Mr. EULER: I am informed that there were only 49 when the commission was established. On the other hand we have established hardly any nationally owned stations, although that was the purpose behind the formation of the commission. The fact is however that we have immensely increased the number of private licences for radio broadcasting stations.

Mr. HEAPS: In what position would the government be if at some future time it attempted to nationalize the broadcasting services? How would they take over the privately owned stations?

Mr. DURANLEAU: Under the act the radio commission has power to expropriate privately owned stations. I would refer the hon. member to section 11 of the Canadian Radio Broadcasting Act.

Mr. HEAPS: In order to take over privately owned stations upon what basis would the government have to proceed to undertake expropriation proceedings? What compensation would be expected?

Mr. DURANLEAU: Section 12 of the act covers the point:

> The compensation payable in respect of the taking of any property so vested in the commission or of any interest therein or of lands injuriously affected by the construction of the undertakings or works shall be ascertained in accordance with the provisions of the Expropriation Act, and for that purpose the Attorney General of Canada may file an information in the Exchequer court on behalf of the commission—

And so on. In the event of there being no agreement between the owner and the government the exchequer court will pass on the amount of compensation.

Mr. HEAPS: I am trying to get at that. If it comes to arbitration I am wondering if we will have to pay anything for that which is commonly described as goodwill?

Mr. DURANLEAU: I do not believe anything would have to be paid for goodwill because the owners of stations have no vested rights in the channels. The licence is for a period of only six months, and may be withdrawn at the end of that time.

Mr. HEAPS: If such a matter were referred to the exchequer court and that court were empowered to determine as to whether or not there may be any goodwill in the station taken over by the government, is there anything in the licence granted by the government to the private broadcasting stations which distinctly states that in the event of the government expropriating stations nothing will be paid for goodwill?

Mr. DURANLEAU: There is no such provision in the licence because the department contends it is not necessary as such licence is issued for only six months.

Mr. HEAPS: I know that these matters have been interpreted by courts on other occasions. Annual renewals almost assume the proportion of vested rights. Sometimes courts uphold such rights, and I have known of large amounts being spent in arbitration proceedings. In other words, if we grant privileges to these private companies and the time comes when we have to take over the stations we may have to pay a very heavy sum by way of damages for the privileges we are now granting. I have an objection to the granting of so many private licences, and when they are reissued I believe a clause ought to be inserted stating definitely and explicitly the conditions under which the licences are granted to the private broadcasting stations.

Mr. EULER: I should like to support the observations of the hon. member for North Winnipeg (Mr. Heaps). I have a distinct recollection that during the proceedings of the original committee which sat in 1932, the matter was very fully discussed, and it was agreed at that time that if any private stations were expropriated or purchased by the government there was not to be any compensation for so-called goodwill of any concerns erecting private broadcasting stations in the future. There was a very clear understanding that they could not expect compensation for goodwill if at a later time they were expropriated by the government. I think the government should be sure it does not enter into any contract through which later on it might be compelled by court process to pay for goodwill.

Mr. DURANLEAU: I believe the point is covered by section 13 of the act.

Mr. EULER: I hope it is.

Mr. DURANLEAU: I shall read the section:

13 (1) In determining the compensation to be paid no allowance shall be made for the value of a licence terminated by the taking of any private station and no person shall be deemed to have any proprietary right in any channel heretofore or hereafter allotted, and no person shall be entitled to any compensation by reason of the cancellation of the allotment of a channel or by reason of the allotment of a new channel in substitution therefor.

(2) If the commission recommends the cancellation of or refusal to renew any licence in the interest of broadcasting generally in Canada and certifies that such cancellation or refusal is not on account of any failure to comply with this act or the Radiotelegraph Act or regulations thereunder, compensation may be paid to the extent of the depreciated value of radio equipment, together with an allowance for the cost of restoring the premises to a tenantable condition for ordinary purposes.

So I say the act clearly defines the compensation to which owners are entitled, such compensation being very limited.

Mr. MALCOLM: I do not wish to interrupt the hon. member for North Winnipeg, but it is unfortunate that he interrupted the point we were discussing, namely, as to why the commission and not parliament or the government has the right to enact regulations as to what may or may not be said over the radio. Will the minister read the section of the act which authorizes the commission to institute regulations, and will he read the regulation covering the point?

Mr. DURANLEAU: In the session of 1932 the Canadian Radio Broadcasting Act was adopted unanimously by this house. The regulations are provided for by section 10, which reads:

The commission may, with the approval of the governor in council, make by-laws or regulations respecting any of the matters mentioned in the last two preceding sections and generally for the fulfilment of the purposes of the commission.

The regulations are proposed by the radio commission and then submitted to the governor in council for approval.

Mr. MALCOLM: Has this regulation which, generally speaking, prohibits any hon. member of this house from criticizing any previous legislation been approved by the governor in council?

Mr. DURANLEAU: All the by-laws of the radio commission have been approved by the governor in council.

Mr. MALCOLM: We are to understand that the government approves of no man being allowed to criticize any previous legislation.

Mr. DURANLEAU: No, this government does not approve of that as it believes that members of all parties have the right to criticize legislation which has been adopted by any government.

Mr. EULER: Will the minister read the regulation?

Mr. DURANLEAU: I can tell the committee that there is nothing political in this.

Mr. MALCOLM: We are not talking about politics.

Mr. DURANLEAU: The commission is entirely independent of politics and it gives full liberty to any member or any speaker.

Mr. EULER: Will the minister read the regulation so that we can judge for ourselves what power it gives?

Mr. DURANLEAU: I have just read the regulation. If it is interpreted strictly it does not seem—

Mr. MALCOLM: Read it, please.

Mr. DURANLEAU: I have read it but I have no objection to putting it on Hansard. Regulation number 90 reads:

> No broadcasting station may broadcast any speech, printed matter, program or advertising matter containing abusive or defamatory statements with regard to individuals or institutions—

I suppose there is no objection to that? The regulation continues:

> —or statements or suggestions contrary to the express purpose of any existing legislation; as for example, the Patent Medicine Act or any regulations promulgated thereunder.

It all turns on the interpretation given to the last part of the regulation. It might be interpreted as prohibiting the criticism of legislation but not in the sense suggested by my hon. friends.

Mr. MALCOLM: What other sense could there be? Under this particular legislation hon. members of this house who were not in favour of the radio commission could be fined and imprisoned for criticising that commission. That is a most absurd position for any member of parliament to be in.

Mr. DURANLEAU: If that is the proper interpretation, the hon. member is right.

Mr. EULER: That is what is stated in the legislation.

[Mr. Duranleau.]

Mr. DURANLEAU: I shall be pleased to have an explanation from the radio commission as to why they have asked for such powers. The power has never been exercised in the sense suggested by my hon. friends.

Mr. NEILL: There has not been an election yet.

Mr. DURANLEAU: There have been a lot of speeches broadcast.

Mr. VALLANCE: Will the minister ask the official sitting in front of him to interpret that clause?

Mr. DURANLEAU: I understand my hon. friend refers to the man in charge in the department.

Mr. VALLANCE: I want to know the interpretation of this clause by the commission.

Mr. DURANLEAU: They have never interpreted it as prohibiting public speeches criticizing legislation.

Mr. VALLANCE: Why is it there?

Mr. DURANLEAU: They have never taken any steps in connection with such speeches.

Mr. VALLANCE: What does it mean?

Mr. DURANLEAU: Quite frankly, I do not see the necessity of the last part of that regulation.

Mr. MALCOLM: Cancel it then.

Mr. HEAPS: Will the minister cancel it?

Mr. DURANLEAU: I shall be pleased to ask the commission to give an explanation of this regulation. If they do not give a satisfactory one I shall ask them to consider changing it.

Mr. BEAUBIEN: Has the minister the power to compel the commission to change that regulation?

Mr. DURANLEAU: I do not think so. The governor in council has no right to draft regulations although we have to approve them.

Mr. WOODSWORTH: That is a most extraordinary position to take. The regulation distinctly states that it must be approved by the governor in council. If it can be disapproved by the governor in council, surely it could be cancelled.

Mr. EULER: They can withdraw ratification.

Mr. WOODSWORTH: I think we have a perfect right to ask that that be withdrawn.

Mr. BEAUBIEN: We can hold up the vote until it is withdrawn.

Mr. WOODSWORTH: I think this is important as it strikes at the very root of free speech.

Mr. VALLANCE: Is the regulation compelling individuals proposing to talk over the radio to tender to the commission a copy of their speeches still in force?

Mr. DURANLEAU: Under section 91 the commission has the right to prohibit the broadcasting of any matter until a continuity or a record or both have been submitted to the commission for examination and approval.

Mr. VALLANCE: Is that being lived up to in the case of all broadcasts?

Mr. HEAPS: Did the Prime Minister (Mr. Bennett) submit his?

Mr. DURANLEAU: As a matter of fact the commission has been rather broad in its interpretation of this section. Complaints were made in connection with speeches which had been delivered over the radio but as a matter of fact the commission gives absolute liberty providing there are no defamatory statements.

Mr. VALLANCE: Would a man be permitted to broadcast anything he liked over a private station without interference by the radio commission? Were the speeches of Mr. Aberhart of Alberta approved by the commission before they were delivered?

Mr. DURANLEAU: I could not say.

Mr. STEWART (Edmonton): He uses a private station.

Mr. DURANLEAU: I cannot say how far the commission goes in scrutinizing speeches made over private stations.

Mr. VALLANCE: Were the speeches delivered last autumn by the Prime Minister (Mr. Bennett) scrutinized and approved by the commission before they were delivered?

Mr. DURANLEAU: I could not say. They were broadcast from the Ottawa station.

Mr. BEAUBIEN: Were they submitted to council before being delivered?

Mr. DURANLEAU: I could not say.

Mr. VALLANCE: Apparently no member of the radio commission is sitting in front of the minister so we cannot find out these things. I should like to change the subject for a moment. I understand it is the intention of the radio commission to establish a new station in western Canada, probably in Saskatchewan. Is the minister in position to speak for the commission and state where they propose to locate this station? He knows that I have made some suggestions to the commission—at least the commission know I have—and there is quite a controversy out there as to where the station should be. I was wondering whether the minister could tell me what the opinion of the commission is on the question.

Mr. DURANLEAU: I am not in a position to give that information. The commission has a scheme of construction of different powerful stations in various parts of Canada but I cannot say exactly what the location will be of the station in Saskatchewan.

Mr. BEAUBIEN: Can the minister give this committee the undertaking that this provision will be removed from the regulations? This particular clause gives the commission the power to prevent any member of the House of Commons from criticizing the legislation of any government, and especially the legislation passed by this government in the last five years. I intend to criticize practically every act that this government has put through in that period, and I shall want to speak over the radio. But this commission sitting in Ottawa will demand that I submit to them whatever I have to say over the radio, even if it is a private station; they are liable to stop me from criticizing the government. The man who does not criticize this government is derelict in his duties. Now is the minister prepared to give the committee the undertaking that that article that refers to political speeches or speeches delivered by persons interested in political life will be removed from the regulations before this estimate goes through? It is ridiculous.

Mr. EULER: It has to come out.

Mr. DURANLEAU: I can tell my hon. friend that he has nothing to fear in that respect. It was never the intention of the commission, I am sure, and it was not the intention of the government when it was approved, to prohibit or restrict in any sense freedom of criticism.

Mr. EULER: But it is there.

Mr. DURANLEAU: It was not intended to prohibit or restrict criticism of the acts of the government or of the laws adopted by this parliament. My hon. friend can rest assured that no action whatever will be taken by the commission against any political speaker who may criticize the legislation adopted during this parliament or the administration of this government.

Mr. BEAUBIEN: The minister cannot get away with that. We had the same thing when the marketing bill was introduced. Certain powers were given to the board but they were not supposed to be exercised. We all know however that if you do not follow the regulations drawn up under that act you are put in gaol. Here is another commission that has power to make regulations and enforce them, with fine or imprisonment for their violation. Surely the minister must have some power in the matter; if he has not he should get that power as soon as possible. If the commission were politically minded it might prevent me from criticizing any legislation this government has passed. The minister is fair, and I submit that he should be prepared to give this committee the assurance that this particular provision in the regulations will be removed before this session closes; otherwise he should not get the vote through.

Mr. EULER: The minister himself has said—I do not want to misquote him—that he sees no reason why it should be in the regulations. It must be evident to every member that a regulation which prohibits free speech and the freedom to criticize legislation now on the statutes is wrong; it is subversive of free speech. It is not a sufficient reason for the minister to say that it was never intended to be used in an arbitrary way. If that is not the intention it should not be there. The power is there and it might be used. I have no objection to the minister amending that article 90 if he wants to prohibit criticism of legislation with respect to patent medicines—that parenthesis is thrown in, though I do not see for what reason. If he wants to protect the right of free speech, if he wants to protect the freedom of every member to criticize existing legislation, he can draw up the regulation in decent language that is not violent. But I am not satisfied to let this vote go through without a definite understanding that our rights in this matter will be fully protected.

Mr. DURANLEAU: I do not see any reason why this last part of the section should exist. Unless the commissioners give sound reasons—

Mr. FACTOR: What reasons were given to the governor in council when they approved of it?

Mr. DURANLEAU: They did not give any reason. They sent their regulations and they were accepted as a whole.

Mr. EULER: Probably not considered.

Mr. MALCOLM: Will the minister recommend that they be modified?

[Mr. Duranleau.]

Mr. DURANLEAU: I will ask the commissioners to explain—

Mr. EULER: No; that won't do.

Mr. DURANLEAU: —why they wish to have it retained, and if they do not give satisfactory reasons—

Mr. YOUNG: Satisfactory to whom?

Mr. DURANLEAU: —I will ask them to repeal this part of the section objected to.

Mr. HEAPS: Why should the minister go to the commission? Why can he not go to the government and have the regulation repealed? It is not a question of the commission at all but of the government, who are the supreme governing authority. They should deal with the question and repeal the regulation.

Mr. DURANLEAU: I am willing to go the length of the minister's power or the power of the government.

Mr. HEAPS: What are the powers?

Mr. DURANLEAU: My intention is to ask the commission their reasons for embodying in their regulations the provision with respect to legislation, and if their reasons are not sound I intend to ask them to withdraw that part. If they do not do so, and if the Department of Justice rules that I have the power—

Mr. HEAPS: There is no doubt about that.

Mr. DURANLEAU: —I will do it.

Mr. EULER: I suggest that this item stand until that opinion is obtained. We must know whether the minister will recommend that the regulation be removed altogether, or that it will be altered in such a way that the objection we raise will no longer be valid.

Mr. WOODSWORTH: I support that view; it is the only reasonable thing. I do not like the position of the minister, where a few minutes ago he threw doubt on his own powers in this regard. The government has power to change the regulations, and when this parliament decides the matter the government should be under obligation to carry it through. Under the circumstances I think the item should stand.

Mr. FACTOR: If I rightly interpret the minister's remarks, then apparently the only power this parliament has is to withhold the vote temporarily until the matter is adjusted. The Prime Minister said there were criticisms against public ownership. Well, one way to destroy confidence in public ownership is to enact regulations such as this. We are in the

unfortunate position where even the minister doubts that he has authority to compel the commission to withdraw the regulation. As a matter of fact, I doubt whether the minister can compel the commission to withdraw the regulation, though he may be able to recommend an order in council to withdraw the approval by the governor in council of the regulations, then have them re-enacted. But the only protection afforded to parliament now is to withhold the vote until something is done. I know of nothing so repugnant to the sense of freedom as to allow a regulation of that kind to remain on the statute books. Surely it is not unreasonable, because that is the only protection afforded to the house, to allow the vote to stand until some negotiations take place. The situation is rather an unfortunate one; it shows a tendency toward a loss of the rights of parliament when it has to negotiate with an outside party in order to protect the rights of its citizens. It is about time that something was done to return to parliament the right to control its own public bodies.

Mr. NEILL: I just want to endorse the remarks made by the last speaker. This is an illustration of what several of us on this side have so often complained of. We give a department or a commission power to make its own regulations, offences and penalties; we have been doing that this year; it has been done once or twice. The minister said, in justification of the regulation, that the act was passed unanimously by the house. If he will take the trouble to look up Hansard, he will find that I protested very strongly about the matter which has been under discussion for the last hour and that I read that identical regulation and protested against it and was supported by other members. Therefore the government can hardly say that the house was unanimous in that regard. I am glad to hear the complaints this afternoon. It has come home to the house now what we are doing. We are in the habit of giving commissions and departments power to usurp our powers, to divest us of our powers, and when we are in this deadlock, the government does not know and we do not know whether we have the power to change the situation. The government approved the regulation and now a deadlock ensues. We should never have given the commission power to make such farreaching regulations; these matters should be settled in the House of Commons. I hope this will be a lesson to us in days to come that we should hesitate a great deal before we give commissions and departments these extraordinary powers. I remember, when the matter was up before, the very question arose that was raised by the hon. member for Toronto West Centre (Mr. Factor). I asked the Minister of Marine then, had he power to control the commission? He said: "Not exactly." I said: "Well, does the commission control you?" He smiled and said that he was not quite sure.

Mr. McGIBBON: With a good deal of what has been said, I am in sympathy. Two years ago I moved in this house a resolution to abolish the civil service commission and neither the hon. gentleman who has just taken his seat nor any other hon. member would second it; I could not get a seconder among over two hundred and forty members. I think we should be consistent. We should not talk one way and act another.

I admit the difficulties because they are great. I do not believe eighteen men, no matter how brilliant they are, or even if they are supermen, can control everything that has to be controlled in this country; that is an utter impossibility; it cannot be done. If you are going to delegate anything, you must delegate it in full. What is the good of saying on the one hand: We are going to give men power to do a thing, and then on the other saying: We are going to control you politically, and if you do not do what we want, why, off goes your head? Such an idea is absurd. We have to adopt either one system or the other and stick to it; we have to go the complete length of the journey. I have been on record more than once in this house as saying that the minister of any department should take full responsibility in the house for everything that is controlled by his department. That means the abolition of all commissions, but it is absurd to say that you can appoint a commission and then control it. I believe also the complexities of the problems are becoming so great that they are beyond the power of any cabinet of men to control and to carry out properly and judiciously. This is something we might well take into consideration and try to find a solution for, because we have not the solution today, and I doubt if the present state of affairs is any better than or as good as it was before. But stand on one side or the other. I have not been on both sides, and have talked consistently throughout. After all, the problems of this country are getting so serious that this house should direct itself more to the conditions of the dominion and what is going to remedy them, than to what is going to help either political party, whether it sits on the right or on the left.

Mr. MITCHELL: I just want to raise my voice in sympathy with the expressions used in connection with the right of the commission to pass regulations to make criticisms of the government a crime. We might as well be frank about the matter. The next thing we will be doing—and I heard it suggested in some parts of this country by responsible people in public life—that there should be regulation of the press. Let us go a step further and shut up the House of Commons.

Mr. McGIBBON: One might do worse than that.

Mr. MITCHELL: That may be true, too, but if you are going to make criticism of the government a crime, you are merely imitating conditions in other countries, where, if you criticise the government, off goes your head. Frankly, I believe this is absolutely unsound. The driving force of our Anglo-Saxon civilization has been the right to express criticism of government, and I think we have reached a sorry stage when we give that commission power, because that is what it amounts to, to withdraw from any individual, whether he is high in the political sphere or low in the social scale, the right to criticise any legislation or any government that may be in power.

I am not unmindful of the fact that regulations are necessary, but I believe it is going a step too far when criticism of any governmental institution or of any legislation is forbidden over the radio of this country because, after all is said and done, the radio is only another form of education, a part of the life of this dominion, just as much as is this House of Commons. It will be a sorry day for some of us on this side of the house, at the moment anyway, if criticism of the government, either in the House of Commons or on the public platform, is made a crime. So I join with those who have raised their voices in opposition to this particular policy. I believe it is a step in the wrong direction. In my judgment, perfect freedom should be given to those who wish to use the air to criticise any legislation or any government that may be in power.

Mr. STEWART (Edmonton): Let me say to the minister that he can settle this matter in two seconds. What is the use of denying responsibility, when the regulations cannot be put into effect except by order in council? Once it is submitted for the consideration of the government the government take the responsibility. This is an obnoxious thing, and he can get that order in council amended. The government will have to take responsibility for amending it because they will have to take responsibility of passing an amended order in council. So what is the use of talking about the commission doing this and that when the government have to take the responsibility?

Mr. CASGRAIN: Surely. Do not shirk your responsibilities.

Mr. DURANLEAU: Would this suggestion satisfy my hon. friends; I suggest that they let this item pass—

Mr. STEWART (Edmonton): Oh, no. We have done that for you before.

Mr. DURANLEAU: —and I shall report on this point when the bill is in committee. The bill to extend the life of the commission to the end of this fiscal year will be presented in a day or two. We might discuss this matter when that bill comes to the committee in the house.

Some hon. MEMBERS: No, no.

Mr. VALLANCE: If you get the money you can carry on.

Mr. DURANLEAU: I am entirely in accord with what has been said by my hon. friends on the other side as to the right—and I would go further and say the duty—of criticism. If a public man thinks that legislation is bad it is not only his right but his duty to criticize such legislation.

Mr. EULER: Go the whole way.

Mr. DURANLEAU: And also to criticize the administration of any government. If a man thinks administration has not been what it should be he must have the right to say so in public. I do not think the intention of the commission was to prohibit such criticism. As a matter of fact no action was ever taken by the commission under that section.

Mr. EULER: But it could be.

Mr. RALSTON: Is it not a simple thing for the minister to bring to the council a recommendation for an order repealing the previous order in council in so far as it approves of regulation No. 90? That is all that is necessary. You do not have to go to the commission, but simply repeal the government's approval of that regulation.

Mr. DURANLEAU: I would not go so far as to ask the repeal of the whole section.

Mr. EULER: No, just strike out those words.

Mr. RALSTON: Let them repeal that section and enact a new one and bring it to you for approval.

Mr. RHODES: I am at a disadvantage in not having heard the previous discussion or the precise nature of the objection to this section 90 of the regulations, which I may say I have seen just a moment ago for the very first time.

Mr. RALSTON: And never observed, I suppose.

Mr. RHODES: It reads:

No broadcasting station may broadcast any speech, printed matter, program or advertising matter containing abusive or defamatory statements with regard to individuals or institutions, or statements or suggestions contrary to the express purpose of any existing legislation—

Mr. EULER: That last is the point.

Mr. RHODES:

—as for example, the Patent Medicine Act or any regulations promulgated thereunder.

I do not want to stand as an apologist for the construction of this regulation, although I must assume my share of responsibility as a member of the government for having approved by order in council the regulation itself. But surely there would be no contention that it could be in the public interest or in the interest of the radio commission that there should be matter broadcast over the radio containing abusive or defamatory statements—

Mr. EULER: No, no objection.

Mr. RHODES: —with regard to the individuals or institutions, or statements or suggestions contrary to the express purpose of any existing legislation.

Mr. EULER: Yes, that is the objection. We could not criticize any act that is on the statute books.

Mr. RHODES: I see the point at once. The objection is not to the spirit or apparent intent of this regulation—

Mr. EULER: Perhaps not.

Mr. RHODES: —but the wording goes beyond what was the original intention.

Mr. EULER: Exactly.

Mr. RHODES: I think in those circumstances the wording could properly be reviewed, because I am certain it never was intended to be tortured into enabling such a construction as that to be placed upon it.

Mr. EULER: But it is there.

Mr. RHODES: That may be so, I defer at once to legal gentlemen who place that interpretation upon it, but certainly as a layman I would not. I think my colleague would be quite justified in saying that if upon consideration it appears that that interpretation can be placed upon these words, then the governor in council would be well warranted in taking action to change it. That suggestion may not appeal to him, as I say I am handicapped by coming into this discussion without having heard the preliminary part, but I offer that suggestion in order that we may make progress.

Mr. LAPOINTE: Was this prepared by the commission itself?

Mr. DURANLEAU: By the commission itself.

Mr. VALLANCE: And approved by the government?

Mr. DURANLEAU: Approved by the government.

Mr. EULER: I think we should have some assurance that these particular words, that no broadcasting station may broadcast any statements contrary to the express purpose of any existing legislation, shall be struck out, and something else put in their place if desired. In the opinion of those who are lawyers, it apparently gives the commission power to prohibit any person whatsoever, whether a member of parliament or not, criticizing any existing legislation. I do not know how the courts would interpret that, because it is followed by what would be regarded as a modifying clause, "as for example, the Patent Medicine Act." We think that there is at least a possibility that a court might interpret it that no existing legislation of any sort may be criticized. I think the government would be well advised to make it perfectly clear that no man could be prosecuted for criticizing existing legislation. I think that is not asking too much.

Mr. RHODES: I apparently did not make my meaning clear. Let me say first to the hon. member for North Waterloo (Mr. Euler) that I do not think a member of parliament should seek one whit more right over the radio than any other citizen of the country.

Mr. EULER: No, he should not; anybody.

Mr. RHODES: He should not be entitled to make defamatory statements because he is a member of parliament.

Mr. EULER: No, you misunderstood me.

Mr. RHODES: Then I come back to my original intention, that is that we should review that section with the object of making it clear that the interpretation which has been placed upon it by certain hon. members

cannot properly be placed upon it, that there should be no danger of that. I would certainly subscribe to that point of view. For myself I think it is a torturing of the language to suggest that it could, but I defer to hon. gentlemen opposite who say the language is capable of that interpretation. I have made the suggestion to my colleague that we say we will review and revise it to meet what I understand was the original intent of the regulation.

Mr. DURANLEAU: Well, I have expressed my views already. I have a doubt as to the power of the minister. As to the intent, the government never intended and I am sure the commission never intended to prohibit criticism of legislation over the radio.

Mr. LAPOINTE: Then why is it there?

Mr. DURANLEAU: As my hon. friend the Minister of Finance has said, if this committee thinks it could be interpreted in that sense we will surely, if we have the power—and my hon. friend the Minister of Finance thinks we have apparently—revise that section, and when the bill extending the life of the commission comes before the committee next week we will put before the committee the wording of the new section, which I am sure will be agreeable to my hon. friends.

Mr. VALLANCE: Suppose next week the minister comes back with an interpretation by the commission, submitting that we are misinterpreting this regulation and maintaining that it should be retained for a specific purpose. What will happen? We are voting the $1,500,000 now.

Mr. DURANLEAU: I think my hon. friend is going too far.

Mr. VALLANCE: No, I am not. There was a great deal in what was said by the hon. member for North Waterloo. Suppose this was placed before a court, what would be the result? The only court we have is the commission, and we must accept the interpretation given by the commission. This is the only weapon we have, and I would suggest to the minister—

Mr. RHODES: May I assure the hon. member for South Battleford that there is no intention on the part of the minister, and certainly there is no intention on the part of the government, to shield ourselves behind the possibility that the radio commission might not do this, that or the other thing. I think the statement was intended to be made unequivocally that the government will assume the responsibility, if need be, of revising the language in order to make it clear that the interpretation that has been placed upon it could not properly be placed upon it. I may say in all frankness that I think the interpretation referred to cannot properly be placed upon this section; nevertheless I shall be delighted to see if we cannot find some language which will preserve the intent of the section and obviate any fears that hon. gentlemen have expressed.

Mr. STEWART (Edmonton): If the minister will give the assurance that the person who supervises the manuscripts will take the same view there can be no argument about it, but the minister will bear in mind the fact that the interpretation is made by an individual, who may place upon the regulation the same construction that we have.

Mr. RHODES: I would doubt it.

Mr. STEWART (Edmonton): I have reason to believe that it might be done. The provision is extremely objectionable, and for that reason we are opposing this particular clause in the regulations. Anything short of its elimination will not be satisfactory to us.

Mr. RHODES: Surely my hon. friend is not advocating that a person broadcasting over the radio should have the right to utter defamatory statements.

Mr. STEWART (Edmonton): My hon. friend is altogether mistaken; I am dealing with the one clause concerning the criticism of existing legislation, and nothing else.

Mr. GEARY: It is not criticism of legislation.

Mr. RHODES: As I understand it, this has to do with offences which have been prohibited by legislation.

Mr. EULER: It says "contrary to the express purpose of any existing legislation."

Mr. GEARY: Surely the reference to the Patent Medicine Act indicates clearly the intent, that you shall not over the radio do what you are forbidden to do by legislation, for example the Patent Medicine Act. That act does not allow you to advertise anything as a cure. I admit that this regulation is badly drawn, but surely the sensible view—

Mr. VALLANCE: Then that might eliminate any opposition, because we might prove that it was a cure.

Mr. MacINNIS: I do not see just what a talk over the radio has to do with the Patent Medicine Act.

Mr. GEARY: If the hon. member is referring to my remarks he will find that the regulation under discussion refers to the Patent Medicine Act.

Mr. STEWART (Edmonton): With all due deference to my hon. friend may I point out that the reference to the Patent Medicine Act is simply an illustration.

Mr. GEARY: As an example of what the regulation is directed to.

Mr. RHODES: My hon. friend has asked for an undertaking on the part of the government as to the kind of interpretation that will be placed upon this or any other section by the responsible official of the radio commission. Obviously that is a matter over which we have no control. We cannot be responsible for the judgment, even the mistaken judgment, of an official. We might cause an official to be reprimanded or dismissed if he abused the privileges of his position. but all we can be responsible for is the language of the regulation. I thought I had made the assurance abundantly clear that it will be our purpose to see that the regulation is revised in order to express the interpretation which I know is intended to be expressed to meet the object in mind. I cannot make my language any stronger than that.

Mr. MacINNIS: I think when a person hires the radio in order to broadcast a message he is in about the same position as when he hires a hall in order to deliver a speech.

Mr. RHODES: No.

Mr. MacINNIS: I must disagree with the minister; I cannot see the difference. I know that in Vancouver when a person hires the radio in order to broadcast a speech, in most instances he has to submit the manuscript for censorship before the speech can be delivered. I think that is going just a little bit too far. Not only that, but sometimes they insist on making certain deletions; the best part of a speech may be deleted. We have to accept that condition or we are not allowed to broadcast the speech. The person in charge of the station goes over the speech; he may or may not know anything about it, but that is the situation and in my opinion it is going too far. I am in favour of public ownership, of course, and I am in favour of having radio under a commission of some sort, but I think it is going very much too far if that commission is to be allowed to say what can be or cannot be said over the radio.

Mr. HEAPS: I should like to know what the minister has to say in reply to the statement of the hon. member for Vancouver South. It is a serious matter if speeches are to be censored by the man in charge of the radio station. Is that done with the knowledge and consent of the Department of Marine?

Mr. DURANLEAU: In regard to private radio stations, the owner of the station has control over the speeches broadcast. I know that in my own province the owner of the radio station is jointly and severally responsible in damages with the speaker for any defamatory statements made over his radio. The owner of every private radio station is therefore interested in knowing what is to be broadcast over his station, because he is personally responsible for damages. With regard to the commission stations, the commission has been very lenient in regard to the speeches broadcast. Of course they have to protect the reputations of individuals and institutions; in some instances, when they fear that defamatory statements may be made, they may ask to see the manuscript, but as a rule they are very broad in that regard.

Mr. ELLIOTT: Personally I do not know that I would object very much to the regulation if there were a corresponding clause prohibiting any commendation of the legislation that has been put through this house in the last few years. I think if a clause of that kind were put in the benefit would outweigh the disadvantage.

Mr. BROWN: Would not the purpose be perfectly well served if reference were made only to abusive or defamatory language? No person wants to justify language of that kind, but why should there be any reference to criticism of existing legislation? I do not think the committee will be satisfied unless that reference is entirely removed.

Mr. LAPOINTE: Sometimes it is pretty hard to define what is abusive. I should like to know whether calling an opponent a Judas is abusive language.

Mr. COOTE: I do not wish to delay passage of the item, but before it is passed I should like the minister to state the total amount expended last year by the radio commission. I ask that question because when I was in western Canada not long ago I was shown a statement published in a British Columbia paper to the effect that last year the radio commission had spent over

$11,000,000. I am sure the statement was incorrect, and if the minister would indicate the exact expenditure it would be helpful.

Mr. DURANLEAU: The estimate for last year, together with the supplementary estimate, was, if I am not mistaken, $1,225,000—it may have been $1,250,000; I am not sure of the exact figure. So far as I know the commission did not overexpend that amount.

Mr. COOTE: There is no way by which the commission could have spent anything like $11,000,000?

Mr. DURANLEAU: No, that would be ridiculous. The statement to which the hon. member refers is ridiculous; the amount voted was spent, and that is all.

Item agreed to.

To appoint David Ballantyne Carswell as superintendent of the government shipyard at Sorel and superintendent of the dredging fleet at a salary of $8,000 per annum, less such deduction as may be provided, $8,000.

Mr. LAPOINTE: Why the appointment of this gentleman in any other way than through the usual channel of the civil service commission?

Mr. DURANLEAU: The position of superintendent of the shipyard at Sorel was extended to take in the fleet. The department has deemed it advisable to place both the shipyard and the fleet under one head. It is felt that this move will result in substantial economies for the department. We had the opportunity of securing the services of this man as superintendent, a position which is now very important, and we believe that the sum of $8,000 was reasonable.

Mr. LAPOINTE: Where does he come from? Who recommended him? Was he an employee of the department in some other capacity? Who is he? What actuated the minister in appointing this man, especially at such a high salary and at a time when the business at Sorel instead of increasing is decreasing?

Mr. DURANLEAU: Up to two years ago Mr. Carswell was manager of Vickers Limited of Montreal, and has proven himself to be an efficient engineer and manager of shipbuilding. When Mr. Bridges retired eighteen months ago, I secured the services of Mr. Carswell as his successor. I think I have made a good move. He has been employed in many shipyards in England and the United States, and in other shipyards in Canada. He is an able executive as well as a specialist in naval construction. Since he has been in charge of our plant he has proven himself to be efficient. Authority over the machinery of the fleet was given to the superintendent of the yard in order to prevent damage and cause large expense for repairs. Mr. Carswell has been in charge of the plant for a year and a half, and his services have been most valuable. Substantial economies have been effected in the repairing of our ships.

Mr. LAPOINTE: What salary was paid his predecessor?

Mr. DURANLEAU: I believe it was around $5,000; it may have been $4,700 or $4,800. He was only superintendent of the yard. The duties and responsibilities of Mr. Carswell have been enlarged; it is only fair that his salary be raised accordingly. It is the opinion of my department and the opinion I hold personally that in giving this man authority over the fleet the department is making substantial economies.

Mr. LAPOINTE: If the stand taken by the minister is accepted by the committee it will mean that a minister will always be able to go outside the provisions of the Civil Service Act and, by an item in the estimates, appoint someone to the public service and give such person a salary not fixed or accepted by the civil service commission. I cannot let the item pass without as vigorously as possible registering my protest.

Item agreed to.

Radio service, to provide for the suppression of local electrical interferences and for the issue of radio receiving licences, $263,038.

Mr. COOTE: I should like to know where this money will be spent, because I am continually receiving protests from the general public about interference with radio service coming from electrical equipment. I believe the committee should have some information from the minister as to how and where the money is to be spent, and the service given.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

EXTERNAL AFFAIRS

Tokyo. Representation, including salaries and allowances for minister plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $68,800.

Mr. REID: I think some explanation is due under this item in connection with the building being erected at Tokyo. I notice that the

report of the auditor general states that a loan was made to this government by the minister at Tokyo bearing interest at five per cent.

Mr. RHODES: I shall be pleased to let the item stand so that an explanation can be given when it is called again.

Item stands.

Geneva. Salaries and expenses of the office of the Canadian advisory officer, $28,000.

Mr. DONNELLY: Why the increase?

Mr. RHODES: I understand it is only exchange.

Mr. EULER: Who is the Canadian advisory officer—Doctor Riddell?

Mr. RHODES: Yes.

Mr. DONNELLY: What is the reason for the increase in vote number 204?

Mr. RHODES: I cannot give that information offhand.

Item agreed to.

Canada's contribution to the expenses of the League of Nations for 1935, including secretariat, international labour organization and permanent court of international justice, $204,640.

Mr. EULER: I recall that five years ago many of the members of the League of Nations were not paying their proportion of the expenses of the league. Could the minister give us any information in that connection?

Mr. RHODES: I have not the details before me but I am advised that there are still a number of members in default.

Mr. MANION: They allow for those in default, mostly South American countries. The estimates are made high enough to cover those in default.

Mr. EULER: That means that those who do pay are assessed more than they ordinarily would be?

Mr. MANION: That is correct.

Mr. COOTE: How much of this vote was spent last year?

Mr. RHODES: I am sorry I have no information before me. I called these items pending the return of the Minister of Public Works (Mr. Stewart) who is taking up his estimates next and for the purpose of facilitating the estimates of the Prime Minister (Mr. Bennett). If the hon. member desires, the item can stand until the information is available.

Mr. COOTE: It will be all right if the minister will promise to let me have the information.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Public buildings. Tokyo, Japan—Canadian legation, $200,000.

Mr. ELLIOTT: What is the present state of this building and how much of the cost of construction is this vote expected to cover?

Mr. STEWART (Leeds): This vote is to make payment in full of the expenditures in connection with the construction of the Canadian legation at Tokyo, Japan.

Mr. EULER: What was the total cost?

Mr. STEWART (Leeds): The total cost was $200,549.21.

Mr. REID: Why could not this money have been taken out of that voted for the relief of unemployment? According to the report of the auditor general this money has been borrowed at five per cent and we have been raising loans bearing four and a half per cent interest and selling short term debentures bearing only two and a half per cent interest. Why should we borrow from an appointee of the government?

Mr. STEWART (Leeds): The Canadian representative at Tokyo, Sir Herbert Marler, was very much interested in having a suitable building for the Canadian legation, so much so that he undertook that the building would be constructed at a cost not exceeding $200,000. The actual cost of the building was in excess of the amount of this vote by $549.21. That amount he has paid himself; what he was paid was the cost of the building.

Mr. HEAPS: How many people are employed there?

Mr. STEWART (Leeds): I cannot tell; that is a matter for the Department of External Affairs.

Mr. HEAPS: How many rooms are there in the building?

Mr. STEWART (Leeds): I do not know.

Mr. HEAPS: All we know is what it cost and what we have to pay.

Mr. RHODES: Item 205, Department of External Affairs, stands and the information can be elicited when that item is called.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Natural Products Marketing Act, 1934, $545,500.

Mr. NEILL: The other night when the minister was speaking on this vote he told us that there were certain schemes that had not been acted upon, not being considered expedient. One was the butter export scheme. Can he tell us why this one was not considered desirable in the public interest?

Hon. ROBERT WEIR (Minister of Agriculture): The hon. member wrote me a letter, asking for this information. I replied but I do not know whether he has received the letter.

Mr. NEILL: Yes, but the letter simply states that it was not regarded as likely to operate effectively in the interests of the butter industry. What I want to know is what was wrong with the scheme.

Mr. WEIR (Melfort): I have not a copy of the scheme before me, but if the hon. member will let it stand I will get the information as soon as the officials come in.

Mr. NEILL: The next matter I want to speak about is the British Columbia sheep breeders' scheme, which was rejected because the principal market for the regulated product was within the area of production. The minister's letter states:

> This scheme has now been gazetted under the Natural Products Marketing Act (British Columbia) 1934, and has been presented to the Dominion Marketing Board for supplementary powers under the federal act. It is receiving consideration by the board.

It is receiving consideration by the board. I have a statement from the British Columbia newspapers which says:

> Activities of the British Columbia sheep marketing board have been suspended at Victoria. A letter was sent to Hon. K. C. Macdonald, Minister of Agriculture, over the week end, from the Salt Spring Island sheep breeders' association, asking for delay and calling the minister's attention to the fact that less than five per cent of the actual sheep breeders of the province have yet expressed an opinion for or against the marketing scheme.

The minister tells us that the scheme has been approved by the local marketing board of British Columbia and is now before the dominion board for consideration. Is he aware of this other statement, that only five per cent of the actual sheep breeders have expressed an opinion? Is it a desirable system whereby schemes can pass the provincial board and come to the dominion board for consideration, when only five per cent of the people have been consulted?

[Mr. Rhodes.]

Mr. WEIR (Melfort): Certain things were included in the scheme which the dominion board doubted could be put into effect. My information is that a long wire has been sent to the proponents of the scheme, asking them to give it further consideration.

Mr. NEILL: The provincial government has been asked to give further consideration?

Mr. WEIR (Melfort): Not the provincial government but the British Columbia sheep-breeders' Association, those submitting the scheme.

Mr. NEILL: But I understood the minister to say that it was rejected because the market for the regulated product was within the area of production. It was then taken up under the British Columbia act and O.K.'d and sent to the dominion board. It is now being considered by the dominion board, but I say that it should not be considered favourably if only five per cent of the people have been consulted.

Mr. WEIR (Melfort): That matter will be taken into consideration. The scheme is under consideration by the dominion board.

Mr. NEILL: There is another point. In connection with the British Columbia salt fish board, it appears that this has been formed as I am afraid so many of these boards will be formed, and it is one of the greatest weaknesses of the act. We did not follow the British system, which is confined exclusively to producers. Under our act we very unwisely, as I thought at the time, extended the provisions to take in middlemen, marketers, or even marketers alone can start a scheme; and that opens the door to what will prove in the future to be a great deal of trouble. I do not mind prophesying now that within eighteen months it will be discovered, not in connection with this board but in some of these schemes, that the manipulation of a few small groups of middlemen, the men engaged in marketing the product, will lend itself to a gross misuse of their powers. If it had been confined to producers it would have been very different. I have not a word to say about the management of this British Columbia salt fish board; no doubt they are all right. But I want to make this other point. It appears that no fisherman is on the local board, which is composed entirely of men engaged in the marketing end. Now the whole purpose of the marketing act, if it had any precise object in view, was to benefit the primary producers. Here we are dealing with the fish industry, and surely the primary producers are those who catch the fish. Yet

there are none of these on the board. The statement is made that the operation of the scheme has been satisfactory and profitable, but profitable to whom? To the men who compose the board and not to the fishermen, who have not had an opportunity to benefit, not having been represented on the board. The scheme was put into effect after the fish were all caught. I point this out as an illustration of the way in which we are getting away from the real object of the act and drifting along the lines I predicted a year ago, with the result that certain schemes are entirely in the hands of middlemen.

There is one other point I wish to make —it was brought home forcibly to us in British Columbia, and it appears to me to strike at the very crux, the whole existence of the act—and it is this: a local board could be formed and organized to handle a certain product in a certain area; then it presently discovered, as we found out in British Columbia, that it was not possible to prevent the particular product, namely, potatoes, from being shipped in from an outside district. The result was that the whole scheme was absolutely abortive. I appealed to the British Columbia government and asked what was their interpretation and their proposed remedy. I pointed out that we had a potato board proposing to operate on Vancouver island, and I suspected that the scheme would be ruined because potatoes could and would be imported from any area outside that designated, in other words, from the neighbourhood of Lulu island where they grow a large quantity to the acre of an inferior quality. The answer I received from the British Columbia marketing board was that the only way to deal with the situation was to get the two districts to agree not to ship into each other's territory. That sounded very nice, but naturally it would not work. Vancouver island, which was an importing area, which had a shortage, would not ship into an area of cheap production, but the area of cheap production would not agree voluntarily and with no recompense to stop shipping its product into a considerable market on Vancouver island. The result was that this particular scheme fell flat. The area was then enlarged to take in both Vancouver island and a considerable section of the lower mainland. It was then discovered that potatoes outside that area were being shipped in quite legitimately, not bootlegged, and without any restrictions as to price, quantity or marketing regulations. In other words the local scheme is threatened with complete failure.

The same thing is likely to happen, and I think it was indicated it would happen, in connection with the sheep and lamb board proposed in British Columbia. It was all very nice as long as we regulated our own lambs, but we could not stop the Alberta lambs from being shipped in and flooding the market. The whole purpose of the act seems to be dissipated on account of inability to control the product from areas outside that designated by the board. The remedy would appear to be to have given the local board power to deal with all produce of that particular variety, either grown or imported into the area. I submit that to the minister and I would like his opinion whether that would not be advisable or at least whether it will not be highly necessary, or else all these boards will be just a joke. What is the use of regulating a large area of a province when another part of that province or another province can ship in stuff to the total destruction of the market? These boards cost money to handle, fifty cents or a dollar a ton, and what is to be the benefit? The minister will either have to give the local board power to handle imported as well as locally grown stuff or else to explain of what use the board is.

Mr. WEIR (Melfort): This was one of the most troublesome problems we had in developing this legislation. The particular scheme to which the hon. member refers was given very serious consideration by the dominion marketing board, and it was first thought that the only solution in connection with this one particular scheme was that the area should have been in the first place large enough to get over those local conditions. The hon. member realizes that if an attempt were made to restrict areas so that products could not be shipped under any conditions into certain areas where products were being regulated, that would be equivalent to setting up a prohibitive tariff wall around that area. That would create a complicated and almost impossible situation. It was the purpose when this act was brought before the house and enacted, and it still is, that the areas would be sufficiently large to get over the difficulty that has been mentioned. But I can again assure the hon. member that the government had a full appreciation of those difficulties, and they probably gave us more concern than anything else in connection with the marketing board. We have been trying to devise some amendment to the act that will to some extent overcome this.

Mr. NEILL: Will the legislation be introduced this year?

Mr. WEIR (Melfort): I would not be prepared yet to go that far.

Perhaps I might be allowed to put on Hansard some information that I promised the other day to give the hon. member for Ontario (Mr. Moore). The hon. member asked these questions and asked that the information be submitted:

I understand from the minister that the chairman of the board is also the owner or part owner of one of the syndicates that grow tobacco that the people who grew tobacco previously now have licences and that the growing of tobacco has become a privilege, a monopoly if you like, and that one of the syndicate holders has been made chairman of the marketing board. Is that correct or incorrect?

Has the minister any knowledge of the increase in prices of the lands held by the licensed growers including the lands held by the syndicate of which the chairman of the marketing board is a member?

Would the minster be kind enough to give the names of the two associations?

What is the acreage that was licensed, and what was the acreage contained in the two syndicates in which the chairman is interested?

How many of those producers were working for or under the two associations in which the chairman is interested?

Am I to understand that the minister will give me the information required as to the acreage of the two associations in which the chairman is interested as compared with the total acreage? And the number of producers represented by the two associations as compared with the total number of producers?

A precedent has been created when a gentleman engaged in an industry has a privilege as part of a monopoly and then is made chairman of the board controlling those privileges. The chairman of the board is a holder in two syndicates that have certain privileges under the marketing act, privileges which are not enjoyed by people holding lands suitable for growing tobacco but which have not hitherto been devoted to that purpose.

How many growers were renting land from the syndicate represented by the chairman of the board and what proportion of the growers were independent owners? I should like to know also how many syndicates there are similar to the one in which the chairman is interested and what proportion of the total acreage is controlled by the syndicate.

The present chairman of the board is president and managing director and large shareholder of Windham Plantations Limited, a company owning and operating fifty farms; total acreage, 5,308, producing 1,900 to 2,200 acres of tobacco per year; also president and managing director and large shareholder of St. Williams Plantations Limited, owning and operating fifteen farms comprising 1,750 acres, of which fourteen are equipped for tobacco and produce 435 to 500 acres annually.

The acreage of tobacco planted by these two companies averages about twelve per cent of the total acreage grown in Ontario and the production averages about fifteen per cent to sixteen per cent of the total pounds produced in Ontario. About 1,000 separate individuals and seven limited companies produce the balance of the tobacco. These two companies employ sixty-four principal growers under yearly contract whose labour is paid for by a share of the crop but the sole right of selling the crop is in the discretion of the companies owning the land. So these sharegrowers are not producers in the sense that they take part in marketing the tobacco.

With regard to land speculating activities referred to, there are absolutely none, either personally or for companies. Since acquiring these properties in 1928 neither himself nor his companies have bought or sold or otherwise traded in a single foot of land, nor does he nor they own or have any interest directly or indirectly in a single acre of farm land within or without the tobacco area, except that used for purposes of growing tobacco as indicated above.

In his relations with grower association activities, Mr. Leitch is vice-president of Ontario flue-cured tobacco growers' association, a general service growers' organization comprising producers of about forty per cent of the total tobacco produced, and in which each producer, irrespective of his acreage, has only one vote on all matters. Mr. Leitch is one of the three representatives of this association on the local tobacco marketing board. He is also president of Ontario Tobacco Sales Co-operative Limited, a tobacco packing and marketing co-operative society formed by the service associations to provide a voluntary alternative means of selling their tobacco to those smaller growers who find it difficult to market their own crops satisfactorily. This society handles satisfactorily from $150,000 to $1,000,000 worth of tobacco annually, and is one of the most important elements in tobacco marketing stabilization machinery. Mr. Leitch owns only one share of the capital stock of this company, to qualify him as a director, as he does not need to use the services of the society in selling the tobacco of his two companies. He is trustee for the Ontario government for any credits advanced to small producers to enable them to market their crops to advantage, and chairman of the local flue-cured tobacco marketing board under the Natural Products Marketing Act, by unanimous vote of the fourteen members thereof.

The Ontario flue-cured tobacco marketing scheme was dealt with by the dominion marketing board before Mr. Leitch became chairman of the marketing board. Mr. Leitch agreed to accept the position of chairman for only a year. We did feel that with the record that he has in both production and marketing, and as a student, investigator and teacher in agricultural economics, also a farmer's son

who has made every cent that he has by his business ability, and a man of recognized integrity, we were very fortunate in securing his services at this time to head the dominion marketing board.

Mr. YOUNG: The figures just given by the minister are not in exact agreement with the figures submitted to the price spreads commission. If my memory serves me aright Mr. Leitch told that commission that there were only 30,000 acres of land in Canada suitable for growing flue-cured tobacco, and that his companies control 7,300 acres, or nearly twenty-five per cent of that. Then I want to ask the minister a question with regard to this tobacco industry. How would a man proceed who owns a farm say in Norfolk county, the flue-cured tobacco district, on which he has not been growing tobacco in recent years, if he wanted to start growing? How would he get permission to grow and market tobacco?

Mr. WEIR (Melfort): He does not have to have any permission to grow tobacco in that area or any other.

Mr. YOUNG: How about selling; what step does he have to take to sell it?

Mr. WEIR (Melfort): The same as the others who are in that area and whose tobacco is being marketed or the marketing of which is being regulated by this scheme.

Mr. YOUNG: Will the minister then say what is meant by the preferred and deferred lists of growers which are given to the buyers when they get their licences?

Mr. WEIR (Melfort): I do not know to what list the hon. member refers. There is nothing in the scheme or in connection with the scheme that has anything to do with preferred growers or sellers or the giving of licences to them in a preferred way.

Mr. YOUNG: I understand that every buyer when he gets his licence from the local board receives a list of preferred growers and a list of deferred growers, and his instructions are that he must buy no tobacco from anyone on the deferred list until those on the preferred list have sold all their crop.

Mr. WEIR (Melfort): The board has no such power and takes no such action.

Mr. YOUNG: The minister is sure of that?

Mr. WEIR (Melfort): That is my information.

Mr. YOUNG: Then will the minister explain how it comes about that certain growers down there are selling their rights to grow tobacco to other growers?

Mr. WEIR (Melfort): I cannot explain that; certainly it has nothing to do with this marketing scheme.

Mr. YOUNG: It is precisely with this scheme that it has to do and with nothing else.

Mr. WEIR (Melfort): There is no provision in the marketing scheme by which any grower has any rights or any special privileges in that connection.

Mr. YOUNG: If his name is on the preferred list?

Mr. WEIR (Melfort): There is no preferred list in connection with the scheme.

Mr. YOUNG: Is there no preferred list in the operation of the scheme down there by the local men?

Mr. WEIR (Melfort): Not by the board, no.

Mr. YOUNG: The answers of the minister are not at all in accord with the information that I have. Another question: Is it true that a certain buyer was put in gaol down there for buying tobacco when he had no licence to do so?

Mr. WEIR (Melfort): My information is that a buyer was fined because he evaded the regulations, but he was not put in gaol.

Mr. YOUNG: The report in the press states that he could not pay the fine and was sent to gaol. Then there is another report, that a farmer who sold his tobacco to a buyer who did not have a licence was taken up and fined. Is that correct?

Mr. WEIR (Melfort): No, that could not be correct, because every producer was given a licence to sell his tobacco; a blanket licence was published in the press.

Mr. BROWN: But it is admitted that a buyer was fined, is it?

Mr. WEIR (Melfort): That is my information, yes.

Mr. FRASER (Northumberland): If the buyer who was fined had been unable to pay the fine, what would have happened to him?

Mr. WEIR (Melfort): That would rest entirely with the court.

Mr. FRASER (Northumberland): Then would the minister's interpretation of the Natural Products Marketing Act be that the court would have the right and have had no other course except to send him to gaol?

Mr. WEIR (Melfort): That is for the court to interpret.

Mr. FRASER (Northumberland): May I have an answer, yes or no, from the minister?

Mr. WEIR (Melfort): I think the hon. member is not serious in asking for an answer, yes or no, to a question of that nature. No one but the court could answer that question.

Mr. FRASER (Northumberland): May I refer the minister to the act known as the Natural Products Marketing Act, which provides for either fine or imprisonment. My question to the minister is whether under that act a man who is convicted of infringement of its provisions and sentenced to a fine and is unable to pay the fine, that is the only alternative for the court?

Mr. LOUCKS: There is not necessarily any "only" alternative.

Mr. FRASER (Northumberland): How much assistance does the minister need? The hon. member is not the minister. May I have an answer to that question?

Mr. WEIR (Melfort): The board has no authority either to fine or to send a man to prison for the breaking of any of these regulations. The matter would be referred to the courts and the courts would decide. I cannot give any statement as to what the court would decide. It might take into consideration the fact that the man was not able to pay his fine and might give him a second chance. But certainly any act, if it is to be effective, must have provisions giving power to make people conform to the regulations under the act.

Mr. FRASER (Northumberland): In connection with the minister's reply, May I ask this question: Has the court the right, under the clauses of the act, to send a person found guilty of a violation of the regulations or stipulations of the board to gaol if he is unable to pay a fine?

Mr. WEIR (Melfort): That, I repeat, is a question for the court's interpretation. The hon. member can read the section and give it his own interpretation, just as I may give it mine.

[Mr. R. Weir.]

Mr. RALSTON: Would the minister read the section, if he has it there?

Mr. WEIR (Melfort): The section reads:

> Every person who fails to comply with any order of the board or of a local board or any regulation of the governor in council shall be guilty of an offence and punishable on summary conviction with a fine of not less than twenty-five dollars and not more than five hundred dollars, or to imprisonment not exceeding three months, or to both fine and imprisonment.

Mr. RALSTON: Has the minister any difficulty in interpreting that, when he was the one who introduced the bill and proposed this very section? Is there any doubt that it does provide for a fine of from $25 to to $500 and for imprisonment up to three months or to both fine and imprisonment? Has the minister any doubt about that? Does he need any judicial interpretation to explain the meaning of that section which he himself brought down in this house?

Mr. WEIR (Melfort): The hon. member for Shelburne-Yarmouth is a lawyer, and I am sure he will agree with me that the clause speaks for itself; I think it is quite definite. He would be the last to state that anyone should be asked to interpret the decision to which any court may come.

Mr. BROWN: Surely the minister can interpret his own statute.

Mr. RALSTON: All I suggest is that every minister, so far as I know, who has introduced an act has purported to explain what it means. No one has been left to rely simply on the text of the statute. I think we should be able to take it that the minister understood the statute which he introduced last year and the penal clauses that he put into it. He must remember the objections raised from this side of the house to the compulsory features of the act and particularly to this very clause under which new crimes were permitted to be created by the board making the regulations, which regulations were not before the house. I do not know why the minister hides behind the idea of a judicial interpretation of a clause which seems to be quite clear. I submit that the minister is not dealing quite fairly with the hon. member who asked the question when he says the clause speaks for itself and when he is not prepared to express an opinion on it.

Mr. McGIBBON: Surely you do not expect the minister to anticipate the action of a judge.

Mr. WEIR (Melfort): I agree that the clause should speak for itself; that is the point I have been endeavouring to make.

Mr. RALSTON: I thought the minister should speak for himself.

Mr. FRASER (Northumberland): Mr. Chairman, as a fruit grower I am very anxious that the minister should speak for himself, and as a member of this committee I do not see any reason why he should not do so. I should like to ask this direct question. Is it within the power of the court under this act to send a natural producer to gaol if he violates or infringes upon the conditions laid down by the marketing board or any local board set up under it? Let us get this quite clear; as a fruit grower I want to hear the reply and I know there are many other fruit growers and producers in Canada who want to know the situation, so let us get it on record. Has the court the right, under these clauses of the Natural Products Marketing Act, to send a producer to gaol if he breaks a regulation or departs from a stipulation made under the act by the federal or any subsidiary board? I think I am entitled to a direct reply to this question.

Mr. WEIR (Melfort): In reply to the hon. member I would state that this clause sets out specifically that the court may have that power, but it is up to the court to decide whether that power should be exercised in any particular case.

Mr. FRASER (Northumberland): Thank you very much. The other night when this committee had the opportunity of discussing the pros and cons of the Natural Products Marketing Act under the vote of $545,000 for the administration, the publication, the advocation, the extension, the coercion, the selling and the adoption of this act, we had a very remarkable speech by the hon. member for Dufferin-Simcoe (Mr. Rowe). I wish to take this opportunity of sincerely complimenting the hon. member on the wonderful oration he delivered at that time. For the last five years, off and on, it has been my privilege and pleasure to listen to speeches in this house on different topics. Never during that period have I listened to a speech which included a wider scope of interpretation, a broader application of a multiplicity of ramifications in connection with any act, any subject, any bill or any amendment before this house than I had the pleasure of hearing the other night from the hon. member for Dufferin-Simcoe. He covered everything in a first class hustings speech from a Tory platform, from the Natural Products Marketing Act to the discrimination between different schools of political thought in Canada, including a bun fight and a bowery row. There was nothing he left unsaid. He went back to ancient history; he even accused the hon. member for Antigonish-Guysborough (Mr. Duff) of flirting with the clock or something like that.

As I said the other night, I am not particularly interested in past history; I have no particular interest in the abortive attempts of this government to assist the farmers. What we were discussing the other night and what we are discussing now is a vote of $545,000 of the money of the taxpayers of Canada for the administration of what is known as the Natural Products Marketing Act, 1934. At this time I should like to ask the minister to be good enough to explain to this committee in as great detail as possible just how in the world we are going to spend, he is going to spend, or his department is going to spend $545,000, half a million dollars plus $45,000, sugar tax, income tax, food tax, liquor tax, or some other tax, under the Natural Products Marketing Act. What is he going to do with it? How is he going to spend it? Who is going to direct that expenditure? What is the purpose of it? What is to be accomplished by it? The minister may need the assistance of the Minister of Railways and Canals (Mr. Manion) before he is through answering that question; in fact I think he will need the assistance of everyone on that side of the house. As a member of the committee I want to know how he is going to spend that money.

Before giving the minister an opportunity to answer the question I should like to couple with it another. I have before me a return tabled in the house in connection with the $50,000 spent in the three western provinces. At page 20 of that return there is a list of items covering, as I found upon inquiry, money paid to public speakers. Included in that list is an item of $94.25 paid to A. Speakman. May I ask the minister to tell me who Mr. A. Speakman is. Will the minister please answer these two questions?

Mr. WEIR (Melfort): Accompanying the statements we received from the associations to which we advanced the money there was no information with regard to specific individuals, as to who they were, to distinguish them from other individuals, except by their names. I could not hazard a guess as to who the A. Speakman might be, but I shall be pleased to get the information for the hon. member.

Mr. FRASER (Northumberland): May I have a reply to my former question? How is the department going to spend the $545,000?

Mr. SPEAKMAN: Perhaps the minister would permit me to say a word, because whether or not I am the A. Speakman to whom reference is made, it is obvious that it is intended to convey to the house that I was that person, and that I was paid for speaking. I want to say at once, without having seen the item in question, that while I spoke throughout Alberta during the last year on this particular subject, and did attend a number of meetings outside that province, I did so on my own time and at my own expense. The money I received in connection with this act amounts not to $90 but to $190.

Before Christmas I was appointed by the live stock board of the western provinces, which body by the way has received no money from the federal government, to represent them down here. I travelled to this point and spent two weeks here discussing plans of the board and representing it, as by their appointment I had a perfect right to do. They paid me my actual out of pocket expenses during the time I was absent from home, and that is the money I received. The rest of the time I put in at my own expense. Not only am I not at all ashamed of having received that money, but I say they were perfectly right in paying it. They believed it was worth their while to pay my expenses, because unfortunately I am not sufficiently wealthy to travel to Ottawa and spend two weeks in this city at my own expense, no matter how anxious I may be to help the farmers organize under the act. That is the dreadful secret about the money I received, and that is the amount I received. They advanced me $200, out of which I returned $10, giving an itemized account of every cent I spent from the time I left Red Deer until I arrived back—and if any member thinks he can make that trip, spend that time and do what I did on a smaller amount of money, I should like to see him do it.

Mr. WEIR (Melfort): In further reply to the question asked by the hon. member for Northumberland (Mr. Fraser) I would state that the estimated expenditures for 1935-36 are broken down in the following way: Salary, $25,000; travelling, $10,000; printing and stationery, $6,000; equipment, $2,500; communications, $2,000; organization of local boards, investigations and so on, $500,000.

A number of schemes are now under way, one of which, that respecting the dairy industry, is nation wide. If that scheme is brought to a point where it is considered by the dominion marketing board that it would be advisable to make a recommendation, a good deal of money would be required to bring the scheme before all the Canadian dairymen. Then, there are other schemes well advanced. There are live stock schemes from the western provinces, and another one from British Columbia which will require a considerable sum of money. Hon. members will bear in mind that under the second part of the act there is provision to ascertain whether or not certain industries are making undue profits through their operations in processing farmers' products. To carry on those investigations over a period of time is a difficult matter and gains its importance because there is a body of opinion in Canada which holds that the primary producer is not getting his fair share of the consumer's dollar. So long as that opinion, whether it be right or wrong, remains in the minds of producers, they are unable to give that same degree of skill and concentration to the production of a high quality product as they would give under other circumstances. When the act was introduced last year it was intended that the investigations would have been commenced before this time, but the board did not wish to leave itself open to the criticism of promoting investigations when investigations were being held by the price spreads commission. There is no doubt, however, that in the very near future inquiries of a very far reaching nature will be carried on. I am certain the amount is by no means too large to do the work which we believe should be undertaken.

Mr. FRASER (Northumberland): I must thank the minister for his lengthy reply, but I would point out that we are asked to vote $500,000, half a million dollars, of the taxpayers' money for the promotion of marketing schemes throughout the dominion. Ostensibly the expenditure of that money—

Mr. WEIR (Melfort): If I may be permitted to interrupt, I would say that the hon. member must have misunderstood my statement. I did not say it was contemplated to spend that sum for the promotion of marketing schemes.

Mr. RHODES: Mr. Chairman, an arrangement was made this afternoon whereby we would proceed with bills arising out of the budget resolutions which earlier in the day were held over because of the absence of the hon. member for Shelburne-Yarmouth. When he arrived I arranged with him to proceed with the bills at nine o'clock. If we finish the discussion of them we will revert to the committee of supply. I move, therefore: that the committee rise, report progress and ask leave to sit again.

Mr. FRASER (Northumberland): Is it the intention to return to this item if we finish the bills?

Mr. RHODES: Yes.

Progress reported.

SPECIAL WAR REVENUE ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 81, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

Section 1 agreed to.

On section 2—Excise tax on duty paid value modified.

Mr. RALSTON: May I ask the minister for an explanation of the last two lines of the new subsection 2 enacted by this bill? As I understand it the purpose of the subsection is to exempt goods coming in under the British preference from the three per cent excise tax, or the one and a half per cent excise tax as it was modified last year. In addition to that the subsection provides that goods imported into Canada under trade agreements between Canada and other British countries shall be exempt. Does the minister think that by using the words "under the British preferential tariff" with the words "under trade agreements between Canada and other British countries" he is covering goods imported from all British countries? In other words, can we be satisfied now that goods imported from all British countries will be exempt from this three per cent excise tax?

Mr. RHODES: If the section were passed without the lines to which my hon. friend has referred it would still cover goods admitted under the British preferential tariff, which covers all British countries, protectorates and possessions with the possible exception of Hong Kong. The last two lines are really an enlargement of the section. Under the Australian treaty, which is a specific instance, there are certain items admitted at rates even more favourable than the British preferential. If the exemptions covered only the British preferential the result would be that the excise tax would be applicable to those items which now enjoy rates much lower than the British preferential. The reference to the trade agreements is made to include such items as might come in under more favourable rates than the British preferential.

Mr. REID: Could the minister give me a decision in connection with the sales tax on peat moss?

Mr. RHODES: That can be dealt with when we reach section 7.

Section agreed to.

Sections 3 to 6 inclusive agreed to.

On section 7—schedule III amended.

Mr. RHODES: I can see no reasonable objection to acceding to the suggestion made by the hon. member for New Westminster (Mr. Reid) and I therefore move:

That section 7 of Bill No. 81, an act to amend the Special War Revenue Act, be amended by adding thereto the following words: "peat moss, when used for agricultural purposes, including poultry litter."

Mr. REID: I can assure the minister that this addition will be appreciated in British Columbia.

Amendment agreed to.

Section as amended agreed to.

On section 8—schedule IV amended.

Mr. COOTE: In connection with section 6, does that mean that a tax of at least ten per cent will be placed on every cigarette lighter?

Mr. RHODES: It means that the minimum tax will be ten cents.

Section agreed to.

Sections 9, 10 and 11 agreed to.

Bill reported, read the third time and passed.

EXCISE ACT AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 82, to amend the Excise Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—power to restore duties which have beeen reduced on liquors.

Mr. BROWN: The minister said that I might make some remarks at this time with regard to the administration of the Customs Act. I am glad to see both the Minister of Finance (Mr. Rhodes) and the Minister of National Revenue (Mr. Matthews) in the chamber. The Minister of Finance determines the amount of taxation and then the Minister of National Revenue and his department undertake to collect that taxation. We have reason to believe that sometimes the Depart-

ment of National Revenue is so much interested in obtaining the last cent of revenue that it violates the spirit of the Customs Act We had an illustration of this two or three years ago in connection with the duty on repair parts for farm implements. I want to bring that matter again to the attention of the Minister of National Revenue and also to take up another matter to which I referred the other day when speaking on the motion to go into supply. At that time I referred to the complaint which had been made in connection with the imposing of a dump duty upon certain fishermen's supplies which came in free of duty. The Prime Minister (Mr. Bennett) expressed the opinion that that had reference to goods coming in from Japan, but I hold in my hand a copy of a letter which indicates that the complaint was made in connection with goods coming in from Norway. This letter, which is addressed to the Minister of National Revenue, reads:

> The representatives of your local customs called on us to-day in connection with the importation of nets and rope from Norway. It is our understanding that you propose assessing dump duty on nets imported from Norway, and which are on the free list. We take some credit for stirring up this trouble between Japan and your government, as we wrote some of our principals there, explaining the difficulty of importing goods from them on account of your unreasonable dump duty. It is our understanding that the balance of trade between Norway and Canada is in favour of ourselves. Therefore we propose advising Norway of the rate, so that they, like Japan, may take steps to convince your government that they cannot carry on a one-sided trade.
>
> We trust that you will not be sufficiently blind to the interests of Canada to put a dump duty on goods that are admitted free, because similar goods are made in Canada. Our fishermen are compelled to sell their goods on the markets of the world and take the world price. They cannot exist and pay the high protected prices in existence in Canada. If the Canadian manufacturers are desirous of selling goods to those who have to sell their wares in world markets, then they must be prepared to get their prices down to those of the world.

Personally, I have no immediate interest in the fishermen, but fishermen are one class of primary producers in Canada, and the interests of Canada as well as of the primary producers themselves demand that the implements of production, whatever they may be, be admitted at the lowest possible rate. And since these articles used by fishermen are put on the free list, it would seem to be a violation of the spirit and intent of the act that a dumping duty should be imposed. I call attention also to the question of repairs on agricultural implements. So far as the general run of agricultural implements are concerned, that was satisfactorily adjusted two years ago when the Minister of Finance placed these repairs on the list at the duties prevailing before the tariff was raised in the fall of 1930. There is, however, one implement on which the ruling of the Department of National Revenue is by no means satisfactory; I refer to the situation in regard to repairs for tractors. Item 409m reads:

> Internal combustion traction engines for farm purposes, valued at not more than fourteen hundred dollars each; traction attachments designed and imported to be combined with automobiles in Canada for use as traction engines for farm purposes; and complete parts of all the foregoing: Free.

It was the understanding that repair parts for implements should come in at the rate of duty that prevailed on repairs before the tariff was raised in the fall of 1930. Now in regard to these repair parts for tractors, I have already called the attention of the house to the fact that the department has ruled that these repairs, constituting bolts, nuts, washers, rivets, lock washers, screws—copper or brass—tractor gaskets, cork gaskets, copper gaskets, asbestos gaskets and paper gaskets, shall now be charged a duty of from 25 to 35 per cent. A bulletin of the department, issued November 12, 1927, reads:

> Declares that any article which constitutes a part of a part, provided it requires no further fabrication and is not adapted for any other use, is entitled to entry as a complete part.

I submit that these words "and is not adapted for any other use" should be stricken out. It is perfectly true in regard to engines that many of the bolts, for instance, which are used on engines, whether steam or gasoline, may be used for something else; but it is also true that bolts are made especially suited for a particular engine and only that particular bolt can be used in that part of the engine, though undoubtedly, as I say, a bolt may be used for some other purpose. If the department bases its ruling on the fact that these bolts may be used for some other purpose, then I suggest that that clause be stricken out, "and is not adapted for any other use." To the users of engines this is an important consideration. The companies that handle these supplies have to keep a large stock on hand in order to meet the necessities of the farmers, because these engine repairs are often needed at very short notice and it would not be possible for the wholesaler in Winnipeg to get them readily from the manufacturer in the United States. I submit that the Minister of National Revenue should give this subject con-

sideration and instruct the officers of his department to apply the law according to what we believe was the spirit and intent of it when it was passed under the leadership of the Minister of Finance.

Hon. R. C. MATTHEWS (Minister of National Revenue): I am very glad the hon. member has called my attention to the matter and I will endeavour to reply with the information at my command. The first complaint has reference to representations made direct to the department on May 22 last, by a firm of ship chandlers in Prince Rupert, I believe, to the effect that currency dump should not apply to importations from Norway of fishermen's ropes and nets which are entitled to free entry from all countries under tariff item 682. I may say that order in council P.C. 2549, passed on October 10, 1931, provided, in respect of goods imported from countries having depreciated currencies, that the value for duty of such goods should be computed in accordance with currency values as proclaimed by the governor in council under section 55 of the Customs Act. This order in council, which also provided for the collection of special duty under section 6 of the customs tariff, in cases where the selling price to the purchaser in Canada was for a lesser amount than the value for duty as computed in the manner stated, applies to all currencies whose values have been proclaimed and which have become depreciated. The proclaimed value of the Norwegian krone is 26·80 cents in Canadian currency and at the present time it has depreciated to a value of about 24·75 cents. In this instance therefore the currency dump is practically negligible. In any event, I am informed that there are very few importations of fishermen's ropes and nets from Norway.

Section 6 of the customs tariff provides for a special duty in respect of goods of a class or kind produced in Canada, although the goods are not otherwise dutiable; and in this connection fishing nets and netting, whether of linen or of cotton, with the exception of salmon gill nets with double knots, are regarded by the department as of a class or kind produced in Canada and are therefore liable to special or dumping duty.

Accordingly it will be apparent that in this particular instance there has been no discrimination whatever against fish nets from Norway. The correspondence from the Prince Rupert company is now receiving consideration by the department and an adequate reply will be sent to them direct in due course.

With regard to the second complaint made by my hon. friend, which has reference to the tariff status of repair parts for farm traction engines, I may say that so far as anyone at present on the staff of the Department of National Revenue can remember, it has always been ruled and held for customs tariff purposes that a complete part is precisely as defined in appraisers bulletin 3383 of November 12, 1927, which was quoted by my hon. friend and which reads as follows:

> That any article which constitutes a part of a part, provided it requires no further fabrication and is not adapted for any other use, is entitled to entry as a complete part.

The decision of the board of customs as contained in appraisers bulletin 3383 merely confirmed this ruling on appeal.

For the information of my hon. friend I may say that the department classifies as complete parts such articles as cylinder head gaskets, manifold gaskets, oil pan gaskets and other special gaskets irrespective of the material of which they are made, which are obviously specially designed for use only as parts of a particular traction engine, and admits the same to duty free entry under tariff item 409m when for use on traction engines for farm purposes, valued at not more than $1,400 each. The department also deals similarly with washers so-called, of special shape, which are specially designed for use as parts of tractors and which do not lend themselves to other use. However, bolts, nuts, washers, rivets and screws which are adapted for other uses cannot be classified by the department as "complete parts" in view of the decision of the former board of customs. I think this answer will cover the point raised by my hon. friend.

Mr. BROWN: According to my information tractor gaskets, cork, are being charged at 20 per cent, and, copper, at 30 per cent. We all know that a gasket for a tractor is made for one particular type of engine and cannot be used for any other. That is a matter of common knowledge.

Mr. MATTHEWS: It is my understanding that such gaskets are free, but if a specific case is referred to me, I shall be glad to look into it.

Mr. BROWN: I can give only the information that is furnished to me. It states that tractor gaskets are being charged at 20 and 30 per cent.

Mr. MATTHEWS: Has my hon. friend any specific case into which I can inquire?

Mr. BROWN: I have only the general information that has been furnished to me.

Mr. YOUNG: I would like to ask the minister what he thinks of a ruling which states that a complete part is not a complete part if it can be used for any other purpose than that for which it was designed. That is a ridiculous ruling.

Mr. MATTHEWS: If my hon. friend had the responsibility of collecting the revenue, I do not think he would regard that particular ruling as ridiculous.

Mr. YOUNG: Yes, I would.

Mr. MATTHEWS: I am afraid I will have to differ, because when they are used for other purposes I do not think he would claim they should be free.

Mr. YOUNG: There is hardly any part of a machine that cannot be used for some other purpose.

Mr. EULER: Clause 1 of this bill has, I take it, a very laudable purpose, namely, that the benefit of the reduction in duties on liquors shall be passed on to the consumers in the various provinces. It just occurs to me that it might be fairly difficult for the minister to make a change which would not cause discrimination; in fact the change could not possibly be made without an injustice being done. For example, let us say that Ontario does pass on the reductions to the consumer and some other province does not; perhaps two or three provinces reduce their prices to the consumer and one or two do not. I was just wondering what method the minister could apply to correct that situation.

Mr. RHODES: The question submitted by my hon. friend is a practical one, but there is no way whereby one could have liquor imported under one tariff for one province and under another for the others.

Mr. EULER: That is exactly the trouble.

Mr. RHODES: There had to be one tariff, and so the provision in this clause is applicable generally. But inasmuch as the provinces are interested in attaining the object which we have in mind in reducing the price of liquors, they have all complied, if not to the exact cent, at least in a reasonable spirit. Some of the provinces have, I think properly, made some slight further reductions. But the practical effect would be this: Let us assume that one province declined to comply with this clause. I have not the slightest doubt that moral suasion, if I may use that term in association with an enterprise of this kind, would be brought to bear by the other provinces with the net result that they would all conform to the legislation.

Mr. EULER: A kind of pious hope.

Mr. RHODES: No; the best answer to that is this, that I have before me a complete schedule of the prices under the new lists in all the provinces, and, speaking by and large, they have conformed to the design of this section by making the proper reductions, although in certain cases of individual classes of spirits they may not have gone the whole way. That is a matter which will be dealt with immediately between the Department of National Revenue and the various liquor commissions.

Mr. MALCOLM: I cannot quite understand why the minister wants to incorporate the bargain in legislation, when he could do it by agreement. On a former occasion he reduced the excise on cigarettes. I think at that time it was understood that cigarettes were to be reduced in price to a cent apiece. That was quite a proper arrangement for the minister to make and quite a normal concession for the manufacturer of cigarettes to make to the people when the excise was reduced from $6 to $4 a thousand. There was no incorporation of the bargain in legislation, and I think it is rather a peculiar principle to follow to put this bargain into legislation.

Mr. RHODES: I think my hon. friend will be the first to admit it would be a very difficult matter to call into conference representatives of the liquor commissions of nine different provinces and consult them in advance in respect to a reduction in tariff involving as it does revenue running into hundreds of thousands of dollars. As a matter of fact it is a practical impossibility, having regard to the secrecy which of necessity must surround a change in tariff. The result is that the liquor commissions receive the information through the press, and the only lever we could keep in our hands was to insert a provision such as obtains in the clause in question. This was an idea of my own; I think it will work; the purpose is plain and I believe it would be worth while to give it a year's trial.

Mr. MALCOLM: I do not want to prolong the discussion, but I think the plan would work without this clause. The principle of introducing a bargain of this kind

into legislation is not sound. Does the minister suggest that while it was difficult to get into touch with the representatives of nine provinces, it was easier to get into touch with the representatives of the tobacco industry?

Mr. RHODES: I do not wish the assumption to go abroad that there was an agreement between the tobacco interests and the department—

Mr. MALCOLM: The results followed just the same.

Mr. RHODES: That is not the case. Representations were made by the tobacco interests to the government that if such and such a thing were done they would do thus and so. But there was no undertaking by the Department of Finance that the representations that they made would be adhered to, any more than there is in the case of any submission, and they come in in hundreds, indeed thousands, prior to the budget each year.

Mr. DUFF: I would like to refer to the question of nets and twine for fishermen. The hon. member for Lisgar (Mr. Brown) read a letter from Prince Rupert, and the minister replied that the difference was due to depreciated currency of Norway. He informed the committee, quite correctly of course, that the depreciation was so small in the case of that country that there would not be much increase of tax. But that does not apply to Japan. As the minister knows, the depreciation of Japanese currency is very great. Let me give a specific case which came to my notice when I was in Nova Scotia during the recess. I had sufficient time to go around and visit some of my fishermen friends, not in my own constituency but in another. The afternoon I called on one man he was engaged in putting a piece in his fish trap, and I noticed that he had some very nice twine. I asked him where he got it, he told me it came from Japan. I asked him what it cost, he told me it cost him twenty cents a pound, but, he said, the duty on it was more than the cost of the twine. I asked him how much he paid for the twine, and he said he paid $600, but that the tax was $630. This was a fisherman, a man who had to go out in the ocean and risk his gear and sometimes his life to earn his livelihood. This government, or the minister of the department, made this poor man pay $30 more than the cost of the twine in duty; the twine cost him $600 and he had to pay at the customs house $630 in duty before he could get delivery. That seems to me an outrage, especially in view of the condition of the fishing industry in this country. I was always opposed to dumping duties; I believe in free trade. The people should not have to pay customs duties, whether dumping or otherwise, and I say it is an outrage to the fishermen of this country that they should have to pay $630 tax on $600 worth of twine.

Mr. MATTHEWS: My hon. friend will appreciate that the dumping duty of which he speaks is due entirely to the depreciated currency of Japan. The par value of the yen is 49·89 cents, and the proclaimed value for duty purposes is the same, but the present value of the yen is only about 28·90 cents. That is where the difference comes in, and the dumping duty. The hon. member will also appreciate that this department merely administers the law in collecting the duty.

Mr. DUFF: Quite right, but it is a very bad law when a poor fisherman, finding a place where he can get some cheap twine, imports it and has to pay $630 on a $600 article, whether it be dumping duty or whatever you like to call it. I say the law should be changed. It is not fair to the industry or to the individual, and in my opinion it is not right.

Mr. RHODES: My hon. friend from Antigonish-Guysborough (Mr. Duff) I am sure will forgive me if I do not follow him in his discussion, as in other circumstances I should be glad to do.

The hon. member for Lisgar (Mr. Brown) dealt with the whole question of valuation, which has no reference to the bill under discussion. We cannot enlarge the discussion into a general tariff debate; I hope that will not take place.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Morand in the chair.

Natural Products Marketing Act, 1934, $545,500.

Mr. BROWN: I wish to make a few remarks on some statements that were made by the hon. member for Dufferin-Simcoe (Mr. Rowe). The hon. member for Northumberland, Ont. (Mr. Fraser) characterized that speech very well. I must admit it was a noble and courageous effort on the part of the hon. member to respond to the SOS call of the

Minister of Agriculture (Mr. Weir). But while it was a noble effort we cannot say much in praise of the material of his speech. I shall not deal with it at any length, but there is one sentence to which I call attention. He said, as reported on page 3300 of Hansard:

Mr. Rowe: Danish bacon was being sold in our western stores, and our barley was being used to fatten Danish hogs.

I take the first part of that statement, that Danish bacon was being sold in our western stores. Perhaps the hon. member made that statement in good faith; sometimes men repeat so often statements they have heard that they come to believe them. It is said of George IV that he declared so often that he had been present at the battle of Waterloo that he came to believe he had been, and when the Duke of Wellington was asked about it by the king he replied "Well, I have heard your Majesty say so." This is one of the loose statements which Conservative speakers have been making all through the country. Similar loose statements have been made in regard to the tariff in many respects. I took occasion to look up the trade returns of Canada, and I found that from 1923 to 1930 there is no record of a single pound of Danish bacon being imported. So much for the first part of that statement. Then, the hon. member said that our barley was being used to fatten Danish hogs. This was just one of the loose statements made by the hon. member in the course of the rambling speech he made in response to the SOS call of the Minister of Agriculture. We know the minister needed his help very badly, as he needs it again to-night. So I just want to call the attention of the house and the country to the fact that, according to the trade returns, that statement will not bear investigation.

Mr. ROWE: In response to the hon. member for Lisgar, I should like to say that I did not receive an SOS call from the Minister of Agriculture.

Mr. BROWN: Then your effort is still more worthy of commendation.

Mr. ROWE: I thank my good friend, but that is an evidence of his own loose statements. The Minister of Agriculture does not need any help from me; as a matter of fact I asked if he would mind if I made a few remarks. I regret that due to the interruptions from the other side I perhaps did not make the remarks I intended to make when I rose. It is not my intention to speak at any length tonight; I know it is not the desire of the hon. members who interrupted so vociferously the other evening that I should do so.

[Mr. Brown.]

Mr. MERCIER (Laurier-Outremont): Would the hon. gentleman permit a question? Through you, Mr. Chairman, may I ask the hon. gentleman whether this is the same speech he made the other evening, or a new speech?

Mr. ROWE: Through you, Mr. Chairman, I might tell my genial friend that the policy of his party for the last twenty years has been to wait and see, and I might suggest that he follow that policy still.

Mr. DUPUIS: It would have cost less if your government had done the same thing.

Mr. ROWE: Yes, another voice suggesting that we should have done the same thing. Thank God we did not, so far as Canada is concerned. I do not propose that the hon. member for Lisgar or anyone else shall direct me away from what I propose to say. I know very well that I could find many loose statements that have been made by the hon. member; in fact, I remember his saying, when he sat in the far corner of the house, what little regard he had for either of the major parties.

Mr. BROWN: You never did.

Mr. ROWE: Even now, apparently, the people of his own riding doubt his sincerity when he talks there about being a Progressive.

Mr. BROWN: Will the hon. gentleman just permit me and my constituents to settle that matter between ourselves?

Some hon. MEMBERS: They have settled it.

Mr. ROWE: According to all reports the matter is already settled. I know that my hon. friend came here with good intentions, as I said the other night. He did not intend to make any reckless statements; he came here intending to assist in the cooperative marketing of agricultural products, which was the object of the organization he represented. In the first place the farmers of old Ontario organized in order to help the farmers to get a fair price for their products, and it was through the organization that followed that first step that the hon. member for Lisgar and other hon. members first came to this parliament. But when he saw the advantage of getting back to his first love he not only made reckless statements, he recklessly disregarded his second love and came nearer the front benches of the party to which he now belongs.

It was no reckless statement the other night when I said that our overseas markets were lost before this government came into power. I say that the Natural Products Marketing Act is more fundamentally as-

sociated with our agricultural prosperity than perhaps those on this side of the house who drafted the act can imagine, certainly much more than those who sit to your left appreciate. I know the leaders in every line of Canadian enterprise and activity have stated repeatedly that unless agriculture is brought back to prosperity there is little hope for the future, and I will say that I believe hon. gentlemen opposite are in agreement with that statement. One thing is sure; only through the wise and careful marketing of our products can we hope to receive the best return for what we produce. I think that is generally acknowledged. I have stated before in this house, Mr. Chairman, and I repeat—and this is no reckless or ill-considered statement—that we had ten years of an absolutely lopsided agricultural policy in this country from 1920 to 1930, with little regard paid to marketing conditions. That was so much the case that the sound development of Canadian agriculture almost disappeared. I know it is true that we marketed much more wheat, but undoubtedly if we had possessed a natural products marketing act in 1920 and had exercised the powers now contained in that act we would have preserved some of our overseas markets which were lost when hon. gentlemen who sit opposite were in power.

I think everyone will appreciate that if any phase of Canadian agriculture should be developed on a sound basis it is the careful and systematic sale of the products of mixed farming. I know that for years my friends from western Canada, both in this parliament and on the hustings, have criticized this government for their policy of protection. I can remember, some eight or ten years ago, listening to the wheat growers tell us in this house that we should have free trade or at least a lower tariff on farm implements, and I rather admired the zeal of my hon. friend from Lisgar to-night in requesting that even the nuts, bolts and screws that go to make up a binder should be put on the free list. But may I remind him that when the tariff on farm implements was reduced before 1930 we paid more for those implements than we had paid before the change was made. May I remind him also that the tariffs have been raised since that time but we pay less for these implements, so apparently the tariff has very little bearing on the price paid.

One thing, and one thing only, was emphasized by those inclined to that fiscal theory; in this country we developed the sale of wheat, and wheat only. So much was that so that the agricultural interests in this country seemed to feel that when you mentioned wheat you had mentioned everything in relation to agricultural prosperity. They forgot that in 1920 we sold $133,000,000 worth of live stock products, and that overseas we sold $16,000,000 more of live stock products than of wheat. But what happened? With reckless disregard for the systematic marketing of these products, by 1930 we had lost our position in the world market. I say it is fundamental to the security of Canadian agriculture, which is the basis of Canadian prosperity, that we have an up to date marketing system for our agricultural products. As I mentioned the other evening, Denmark and other countries have planned their marketing very carefully. While in 1920 we had 26 per cent of the British market, and Denmark had less than 12 per cent, when the party to which hon. members opposite belong went out of power we had less than 1½ per cent of the British market, and Denmark had 60 per cent of it. In 1930 Denmark sold to the British market over 600,000,000 pounds of bacon, and we sold less than 9,000,000 pounds.

Mr. BROWN: How much do we sell now?

Mr. ROWE: Nine times as much as when your party went out of power. In 1920 and 1921 we lost that market for the Canadian producer. I know hon. members will smile. They will say that these were war conditions, that the war had a great deal to do with it, increased production and so on. I do not blame the right hon. leader of the opposition for losing that market when he was Prime Minister—I do not say he is absolutely to blame, but as a farmer, I do say that there was an utter disregard for the careful marketing of our products during the years when Denmark and other countries were so carefully surveying the fields of demand for similar products.

This is the first attempt on the part of any political party since confederation to give the farmer a square deal. It is all very well to say that there are principles in the marketing act that are unsound; that its principles do not coincide with the laissez-faire doctrine of the Liberal party. I have listened to hon. members opposite; I have read the speeches they deliver on the hustings, and I know how many of them travelling throughout the country endeavour to convince the Canadian people that since the Conservative party took office markets have been lost. Mr. Chairman, may I call your

attention to the fact that in 1904 we sold in the British market three times as much cheese as we did in 1930—three times as much. We sold three times as much bacon sixty years ago as we sold when the Liberal party went out of power in 1930. The fact is that in 1870 we sold three times as much bacon in the British market as was sold when the late government left office. I repeat—and I shall not let the enthusiasm of hon. members opposite drive me from the point—I repeat what I have said; because every child in Canada knows that through the empire trade agreements we are gradually recovering our lost markets for primary products.

Some hon. MEMBERS: Oh, oh.

Mr. ROWE: Hon. members may laugh if they wish. The hon. member for Vancouver Centre (Mr. Mackenzie) knows that his province has shipped more lumber to the United Kingdom in the last year—four times more than was shipped before.

Mr. REID: What about salmon?

Mr. ROWE: I would say to the hon. member who has interrupted that you do not find salmon in the bush; perhaps he will recall that I was talking about lumber.

The Natural Products Marketing Act is fundamentally sound. It is all very well for members of the legal profession across the way to laugh; quite possibly none of them has milked a cow in his life. I know the hon. member for Vancouver Centre would not know which end of a cow to approach. I venture to say that even the right hon. leader of the opposition knows more about milking than the hon. member for Vancouver Centre. Hon. members opposite must know that any plan for the development of Canadian agriculture cannot ignore the principles which have made production possible and profitable in the old European countries during the last twelve hundred years. Those principles, may I point out to the hon. member for Lisgar, do not countenance buying where you can buy the cheapest and mining the soil continually. Without return. I say to hon. members opposite that in this dominion there are over 500,000 farms of less than two hundred acres. Western farmers may have the acreage, but mixed farmers have the numbers. I say further that the story will be told and has been written in western Canada that wheat mining is unsound. We have to put the fibre back into the soil if we are to follow sound principles of agriculture. The hon. member knows very well that principle which he advocates has contributed in no small measure, to the bankruptcy of the three western provinces.

In 1937 the empire trade agreements will come before an empire conference for renewal, and I know and every business man within sound of my voice knows that unless we establish a regulated system of marketing, and unless we have influence on the British market through placing on that market a high grade quality with regularity and continuity of supply, we shall be in a poor position to ask the empire conference for a renewal of the agreements which hon. members to your left have been so doubtful about.

Mr. FRASER (Northumberland): You won't have to worry about it.

Mr. ROWE: Don't be too sure about that. I say to the hon. member for Northumberland, who has gone up and down the province of Ontario telling the people that the empire conference agreements are no good, that he should take the wily advice of his leader, who, although at first opposing them, has remained to adore them. He is still doubtful whether or not he could go to the country opposing them.

Mr. BROWN: Let us vote on it; there is a resolution before the house with respect to the trade agreements.

Mr. ROWE: How would the hon. member for Lisgar vote on them?

Mr. BROWN: I will vote against them.

Mr. ROWE: How would the hon. member for Northumberland vote on them?

Mr. MACKENZIE (Vancouver): Make your speech.

Mr. REID: Bring on the resolution.

Mr. ROWE: I would suggest that the hon. member for Lisgar take a leaf out of the canny book of the hon. member for Northumberland, who does not say anything. His right hon. leader has said on different occasions that while at first he was doubtful, he now reserves the right to renegotiate them—but not abrogate them absolutely. He knows very well that those trade agreements preserve the solvency of Canadian agriculture. I say that had Canada maintained the markets overseas which were established back in 1900, and had she achieved the gradual development of those markets, the wheat price debacle of the last few years would not have occurred, and the unemployment in this country—

Mr. STEWART (Edmonton): That is the proper word for it.

Mr. ROWE: —would be entirely different from what it is to-day.

Mr. STEWART (Edmonton): Oh, oh.

Mr. ROWE: My good friend laughs, and says that I have used the proper word. Let me say to him that nothing has contributed more to that debacle than the lopsided policy of the late government. We know that the production of wheat has increased, and that between 1915 and 1930 it almost doubled. While in the earlier years we exported only about ten per cent of the world's supply, in 1930 we were exporting about 35 per cent of the exportable surplus of the world.

An hon. MEMBER: What has it done since?

Mr. ROWE: Mr. Chairman, hon. members opposite do not even see the point. Successful farmers in Canada know that had we established the marketing system they had in Denmark, and had we sold the large quantity of bacon Denmark sold, the farmers would have received the benefit. I have listened to the hon. member for Comox-Alberni (Mr. Neill) and to the hon. member for Vancouver Centre (Mr. Mackenzie) and others who seem to be very doubtful as to the soundness of this legislation, but in the speech from the throne presented by a Liberal government at the opening of parliament in British Columbia I find this paragraph—

An hon. MEMBER: We have had that.

Mr. ROWE: Some hon. member says that they have had that, but I suggest to the genial hon. member for Vancouver Centre that he read it a few times.

Mr. MACKENZIE (Vancouver): It was read by the minister.

Mr. ELLIOTT: It is already on Hansard.

Mr. ROWE: This paragraph reads:

> Agriculture generally in British Columbia has improved and an upward trend is noticeable both in the matter of markets and price structure. As a result of the natural products marketing legislation passed last session several producers' schemes have been proclaimed, which, with a further broadening of the federal act, will, it is believed, result in establishing agriculture on a sounder basis in this province.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE (Vancouver): I am glad hon. friends opposite are applauding the work of a Liberal government.

Mr. ROWE: My hon. friends laugh and apparently disagree with me, but I do not expect them to believe everything I say. There are none so blind as those who will not see. I ask them to recall the words of one who was as bright as any of them, in fact I have always thought a little brighter, a former minister of finance who stated in the last session of the previous parliament that Canada had lost $244,000,000 of her trade and that there was practically no market left in the world with the exception of the United Kingdom.

Mr. MACKENZIE (Vancouver): There has been no improvement since then.

Mr. ROWE: Since the empire trade agreements were put into effect we have added more than $250,000,000 worth of trade.

Mr. STEWART (Edmonton): From zero.

Mr. ROWE: No, not from zero. There are those who are in business who will oppose this Natural Products Marketing Act. In the very nature of the industry, agriculture is difficult to organize. It is practically impossible to get 500,000 or 700,000 farmers properly organized to sell their products. We have been selling in a buyer's market since before confederation and we have been buying in a seller's market. We have been dancing to the tune of the highly organized monopolies and mergers who consider the farmer as merely a glorified pedlar of his own products. We have listened to bank managers and leaders of industry tell us that we are the backbone of Canada and we have subscribed to every plan which has been brought forward to ameliorate the hardships of the labouring man. It may have meant that we had to work another hour or two longer but we were ready to do it. We have never had a voice as to what we should get for our products. The hon. member for Lisgar knows as well as any other farmer in this house that what I have said is absolutely true. He has had to pay what the manufacturer has told him he would have to pay, and the manufacturer and his friends John, Bill and the others, have organized and fixed the prices of his products.

Mr. MACKENZIE (Vancouver): Under a Tory government.

Mr. ROWE: Not especially under a Tory government. The hon. member for Northumberland knows both sides of the game as well as any hon. member.

Mr. FRASER (Northumberland): Give me a chance and I will tell it to you.

Mr. ROWE: I might as well tell part of it for fear you might miss it.

Mr. FRASER (Northumberland): No, I will not.

Mr. ROWE: We have heard the appeals of the hon. member for Northumberland for fairness. He has spoken two or three times and has made reference to this vicious legislation. I saw on the front page of the Toronto Globe of yesterday a reference to how he is martyring himself as a poor fruit grower who may have to go to gaol. He comes back to parliament and he says to the Minister of Agriculture: What can you put me in gaol for? I say to the hon. member that if they ever put him in gaol I will come down to see him.

Mr. FRASER (Northumberland): You will be there with me.

Mr. ROWE: I say in all seriousness that, while hon. members opposite plead for the freedom and liberty of the producer to sell his product for whatever price he likes, they know that the producer will be keeping his eyes cocked on our prices. As I said before, the hon. member for Northumberland knows how both sides of the game is played. I understand my hon. friend has a large interest in a cooperage company at Trenton. Back in 1919 that company did not go out like the producers as glorified pedlars. My hon. friend has very good judgment in business matters. I can see him going to Toronto and sitting in with the cooperage manufacturers of western Ontario. I do not know just what was said, but I believe the effect of the dialogue would be this: You can have western Ontario and I will take eastern Ontario.

Mr. FRASER (Northumberland): I rise to a point of order. I object to the hon. member putting words in my mouth or imputing ulterior motives.

Mr. ROWE: Then I do not know what happened.

Mr. FRASER (Northumberland): That is right.

Mr. ROWE: My hon. friends says, "that is right." I am sure the fruit producers did not appreciate the increase in—

Some hon. MEMBERS: Hear, hear.

Mr. FRASER (Northumberland): The statement made by the hon. member contains not one tittle of truth. He is going a little bit too far in hatching jokes which appeal, I was going to say, to the vacant minds of his colleagues.

[Mr. W. A. Fraser.]

An hon. MEMBER: What is your point of order?

Mr. FRASER (Northumberland): The hon. member is stating something which is absolutely untrue.

Mr. ROWE: Then we are to believe that my hon. friend has nothing to do with the Trenton Cooperage Company, Limited, which manufactures barrels.

Mr. GAGNON: He will not deny that.

Mr. ROWE: And that he does not sell barrels in western Ontario, that he is not interested in the price of barrels to the same extent that he is in the price of apples, and that the producers have not had to pay almost twice as much for their barrels as they did in 1919. The producers here have to pay from 65 to 75 cents for the same type of barrel which can be purchased in Nova Scotia for from 23 to 25 cents.

Mr. DUFF: That is not true.

Mr. FRASER (Northumberland): For the hon. member's information: My name is William Alexander Fraser; my address is, Trenton, Ontario; I am president and owner of the Trenton Cooperage Mills, Limited, which manufacture cooperage stock from which are made sugar barrels, kegs, apple barrels and other lines of cooperage stock which are sold to the trade on an uncontrolled market at competitive prices. If in this debate the hon. member for Dufferin-Simcoe chooses to disregard the subject and continue along the lines he has been following, I shall be glad to answer any personal questions he may ask. I really enjoy it, and judging by the loud peals of laughter among his colleagues they evidently enjoy it, too. I suggest, however, that we get back to a consideration of the marketing act.

Mr. ROWE: It has reference to the marketing of apples. I do not know what eastern manufacturers of barrels can compete with the Trenton Cooperage Company.

Mr. FRASER (Northumberland): Why don't you stick to the marketing act?

Mr. ROWE: I will say this, however, that the marketing of these implements, barrels or containers, or any other articles used in the sale of the product, practically everything you buy, from a tin plate to a barrel, is controlled by the organized industry. The price is set by the organized industry.

Mr. FRASER (Northumberland): Absolutely incorrect.

Mr. ROWE: My hon. friend says, absolutely incorrect. I can only say that the prices of barrels are higher and have been higher in eastern and western Ontario than in the state of Virginia or in New York or in Nova Scotia, for a period of ten years.

Mr. FRASER (Northumberland): You don't know what you are talking about; why not admit it?

Mr. ROWE: The Natural Products Marketing Act is fundamental. I know that those hon. gentlemen who have never fully recognized the difficulties under which the farmer is labouring in his endeavour to get value for his products are unconscious of the critical position of agriculture in this country at the present time. They do not fully realize what the industry has had to face in the last five years in the hazards of marketing. If I had any criticism to make of this marketing act it would not be, as my hon. friend has said, with regard to the vicious principle of the act, it would not be because the vote is too large, but the very opposite. For I do not think that it should be $545,000; in my opinion there should be set aside in connection with the Natural Products Marketing Act the sum of $5,000,000. I know that the government themselves might oppose that idea; it might be said that the imperial trade agreements would be affected by state aided products. Well, we have an advantage in the British market of $1.25 in connection with our apples and we enjoy an advantage in other lines as well, but I repeat—I have said this before and I repeat it now by way of emphasis—that it is absolutely necessary that Canadian agriculture should be made prosperous once more if Canadian industry generally is to return to prosperity. And if this is to come about we must have an increase in agricultural prices. I believe that under the act we have the power to set aside a stabilization fund for the purpose of disposing of our surplus products in the export market. It is generally understood that apart from wheat we have only a very small percentage which is sold in the British or world market—in bacon it is four or five per cent and in fruits the percentage is small. When practically every country in the world has adopted the system of bonuses, subventions and subsidies, it is high time that this or any other government forgot the political effect of commendable actions in a period of crisis. We have spent millions of dollars to feed the unemployed. Now if we are to make agriculture prosperous so that it may be the means of absorbing thousands and hundreds of thousands of the unemployed in this country, we must have higher prices for agricultural products, and every farmer within the sound of my voice will appreciate the fact that it is the exportable surplus, which is small compared to the amount we produce, that automatically sets the price. There should be under this act a branch, an export board, with a stabilization fund to standardize and stabilize the prices of our exportable surplus going into the world market. As regards state aid, I would point out that we have wheat state aided to the extent of from $20,000,000 to $25,000,000 in the way of freight rates. We have state aided coal, iron and steel, and industry is state aided by means of protection. I say, therefore, that if I had any objection to make to the present act it is, not that it goes too far but that it does not go far enough. I think it should meet with the approval of hon. members on both sides of the house.

I appreciate what the hon. member for Ontario (Mr. Moore) said yesterday and what the hon. member for Northumberland has said; it is difficult to evolve something that will be satisfactory to everyone. No doubt my hon. friends, when they want to indulge in technicalities, will find in the act something which will give them an argument, but I urge on this house to consider the act not from the point of view of politics but as a means of restoring Canadian prosperity; and I submit to the government that instead of setting aside $545,000 in connection with the act they should think in terms adequate to stabilize prices by disposing of the exportable surplus, thus raising the price for the rest of the product. I am satisfied that the only hope of increasing employment in the country is to increase and to stabilize the prices of our exportable surplus. That is our only hope for expansion and for maintaining the balance of trade. It is the only thing that will provide the necessary stimulus for industry and commerce in this country. Again I urge the government to reconsider this vote of $545,000 and to add another decimal in the interests of agriculture. It is absolutely essential that the exportable surplus should be taken off the market, and for that reason I say that prices should be stabilized and standardized in keeping with the costs of production. This would have a far-reaching effect, in processing our coarse grains and giving employment, thus stimulating business all along the line. I submit that the Natural Products Marketing Act should receive the support of hon. members on all sides, because while in the letter it may not be absolutely perfect, it is undoubtedly sound in

principle and is a step in the right direction. I am not surprised that the ex-Minister of Agriculture (Mr. Motherwell) the one who on the opposite side understands it best, has supported it.

Mr. BROWN I apologize to the committee for having been the occasion of drawing forth that speech.

Mr. FRASER (Northumberland): Let me say to the hon. member for Dufferin-Simcoe that I regret he was so unethical as to interject into the discussion of a national question a matter of personal or private business. I would point out to him that as a manufacturer of cooperage stock and lumber in Canada I have the privilege, under the Natural Products Marketing Act, of evading the combines act and, by combining my business with those of others interested in the same line, I can stabilize, maintain and charge a set price for barrels or other products coming under the act, which I manufacture—something I do not at present enjoy. In this connection I would point out that the Natural Products Marketing Act gives the right of monopoly. The other night I expressed the opinion that it was ultra vires and contrary to the Combines Investigation Act, giving the right of combine with respect to over fifty-five per cent of the total production in the dominion. That is the right of combine under the Natural Products Marketing Act to "sock" the basic producers, so that those who are enjoying monopolies, cartels and combines in Canada may have some further excuse for a continuation of their privileges and as the hon. member suggested for "socking" the farmer in his depressed state under the mistaken policies of the government that my hon. friend supports.

May I also say to the hon. member for Dufferin-Simcoe and the Minister of Agriculture, in connection with the Natural Products Marketing Act as it applies to the canning industry in Canada, involving every branch of that industry from asparagus to tomatoes, that under the government that has been in power since 1930 and under the empire agreements of 1932, every user of a Canadian commodity packed in tin plate or packed in a tin or can is at the present time paying a levy of 20 per cent on tin plate to an international cartel under the 20 per cent duty applied under the empire agreements as a sop to an international cartel. May I say to the hon. member and the minister—and I am going to give the hon. member for Dufferin-Simcoe a little additional information about my private affairs—for four years I was a director of the second largest tin can company in Canada. As he rightly said, I know something about both sides. I know this much, that if the Minister of Agriculture would appeal to the Minister of National Revenue in the interests of the basic producers to cancel the 20 per cent duty on tin plate, which has forced the price of tomatoes in Canada from thirty-five cents to twenty-five cents a bushel since 1932 or 1933, a direct and effective move would have been taken by this government to assist the basic producers in receiving more from the results of their toil.

Permit me to go one step further, and I am very glad the hon. member for Dufferin-Simcoe brought these details to my experienced mind.

Some hon. MEMBERS: Oh, oh!

Mr. FRASER (Northumberland): Let me tell my hon. friends, whom I might place in the category of—to use a word which I rarely use, because I do not like it—buffoons, that as a matter of policy there are only one or two places where you can align the cost of a basic product when it comes into conflict with a product under a controlled price or a cartel, and that is the cost of labour or the cost of the product to the basic producer. When the twenty per cent duty was imposed on tin plate and we in the canning business were confronted with an increase in the price of cans, we and others in that business looked around to see some place where we could lower our costs, because we are bound and tied by the twenty per cent duty on tin plate. I happen to have before me the annual statement issued by the company in which I am a shareholder and was originally a director. We were bound and tied by the duty of twenty per cent on tin plate, twenty per cent on tin cans, so not only we but every other Canadian manufacturer took it out of the basic producer and labour. That is the reason why the farmers work sixteen hours a day to keep even and pay their taxes and the interest on their mortgages; it is because they are selling a product that it is impossible to align under this or any other act which is in direct conflict with a prohibitive economic tariff such as the one on tin plate. When the tomato grower whom the Minister of Agriculture hopes to assist, and when the basic producer for whom the hon. member for Dufferin-Simcoe was a few minutes ago expressing his sympathy in such melancholy tones, are working sixteen hours a day and getting less for their products than will enable them to pay their taxes and interest, the company of which I have the honour and privilege to be a shareholder increased its

profits in 1934 by twelve per cent under a highly protected cartel on which the canning industry depends. That is all I have to say in that connection to my hon. friend.

But I would like to get back to the Natural Products Marketing Act. A little while ago I asked the minister for some information in regard to the $50,000 paid to the poultry schemes in the three western provinces, Alberta, Saskatchewan and Manitoba. This did not exactly start a controversy, but it brought forth an explanation from an hon. member on this side. The hon. member stated that he did not receive any money directly from the government or from a government board, but nevertheless he, I believe, has acknowledged in what he has said that the name appearing on this list opposite an amount of $94.20 is his name. My contention is that the government under this vote of $545,000 is paying money to paid propagandists to promote these schemes. I would like, Mr. Chairman, to have your permission to place on Hansard this return which will give the record in detail of the money spent and who received it in regard to the $50,000 in Alberta, Saskatchewan and Manitoba. Shall I read it or may I have it taken as read and placed on Hansard?

Some hon. MEMBERS: Read it.

Mr. ROWE: Put it on Hansard.

The CHAIRMAN: With the consent of the house the hon. member may put it on Hansard.

Some hon. MEMBERS: Read it.

Mr. FRASER (Northumberland): Very well, I will read it in a minute or two. In that connection may I say this to the minister and to the hon. member for Dufferin-Simcoe in order that we may get down to a proper basis on this matter. As I said the other night, I am a farmer and interested in farming as an industry, individually, collectively and nationally, and I believe in cooperative marketing. My hon. friend laughs, but I may say that I have a good many dollars invested in the farming industry and I am greatly interested in it. I am interested in the farming industry, in the assistance of that industry, in anything that will promote the interests of the farmer, but I feel it my bounden duty not only as a farmer but as a member of this house to the best of my ability to prevent the expenditure of public funds in a way that is absolutely uneconomical, diametrically opposed to sound economics and in a way that will reflect detrimentally on the interests of the farmers. I am not making a political issue out of this matter.

Some hon. MEMBERS: Oh, oh!

Mr. FRASER (Northumberland): If that is my hon. friends' interpretation, they have a perfect right to it. Perhaps, if they were as serious about this matter as I am, they would cry instead of laughing even if they had to use an onion to do so. But this is a serious matter, apart from politics. I want to say to the hon. member for Dufferin-Simcoe and to the Minister of Agriculture: I am not interested in the question whether an act was passed by a Liberal government in British Columbia or a Tory government at Ottawa or a Liberal government in Ontario. To me it is wrong, it does not matter which government passed it. I do not endorse it because Mr. Pattullo passed it.

Mr. ROWE: I did not say he passed it.

Mr. FRASER (Northumberland): Or because they passed enabling legislation.

Mr. ROWE: They just approved.

Mr. FRASER (Northumberland): However you put it, I still contend it is absolutely wrong—wrong first in the matter of the expenditure of public funds, as this return shows, and secondly as an attempt to do things which have been proven wrong, such as the rubber monopoly in the Malay states, the Patterson scheme in Australia, the Coffee scheme in Brazil, or the wheat marketing scheme in Canada, which will probably result in a loss to the treasury of several million dollars. I will do anything, in this house or out of it, on the public platform or otherwise, to assist the Canadian farmer, no one wishes to do that more than I. I am absolutely in favour of cooperative marketing, of orderly marketing, and I am in favour of the government spending money in an educational way to improve the methods used by the farmers, whether they be fruit growers or tomato growers or wheat growers. But I say that it is wrong to use the public funds to the extent that they are being used at the present time, without the control of parliament, for schemes that are hatched and concocted perhaps not by members of the staff but in a great many cases in the minds of those from one end of this country to the other who have ulterior and personal motives. I am not making that statement without a basis of fact; the facts are before us, the expenditures are before us; the methods are before us and the results are before us. The results are before us in connection with the potato board in Ontario and in the eastern provinces. To-day potatoes are not worth a

nickel a bag in Ontario. All that scheme did in Ontario was to lower the price of maritime province potatoes coming into Ontario and force down the prices all along the line.

Now I wish to put this on record. As fruit and vegetable growers we have all that we require for the regulation of our industry, the grading and marketing of our product, the designation of grades and the definition and methods of marketing under the Fruit and Honey Act and under the Root Vegetables Act. We have the approach to the Canadian Horticultural Council and direct to the Department of Agriculture. In my experience as a charter member of the Canadian Horticultural Council and up to the present time, regardless of which government was in power, I can say the council and its officers have been given sympathetic hearing by the Ministers of Agriculture of the federal government and have been given all possible assistance. Grades have been changed as recommended by the council. Things were done in conference with the Canadian Horticultural Council when the industry was represented from one end of the country to the other, and we have under these acts everything that is necessary for the orderly marketing and grading and packing of fruits and vegetables. I do not wish to be misunderstood in this house or outside, but I wish to convey to the Minister of Agriculture that we as fruit growers object to the compulsory clauses of this Act. The schemes have been turned down in Ontario and other parts of Canada except British Columbia. As basic producers we do not believe that this act is economically sound. We believe that changes must be made eliminating objectionable features that cannot be enforced, and such powers as the minister admitted to-night exist under the act, by virtue of which if the court so decided it could send a producer to gaol. Let these features be eliminated and the act amended in such a way that the basic producers shall be neither coerced nor persuaded by propaganda paid for out of public funds to try to do something that cannot be done.

I wish to ask the minister one or two definite questions. First I would like to read an extract from the Tillsonburg News, of Tillsonburg, Ontario, under date of January 31, 1935:

First Tobacco Conviction

"Simcoe.—The sale of a quantity of tobacco, not a crime six months ago, has landed Antal Csopari, South Norwich farmer, in gaol for a twenty day term, when he was the victim of the first conviction under the provisions of the Ontario flue-cured tobacco marketing act. He was found guilty of purchasing unmanufactured tobacco from a fellow Hungarian, A. Listock, while not possessing a licence. Magistrate Cross imposed a fine of $25 and costs or twenty days in gaol on Csopari, the accused going to gaol when he was unable to meet the fine. At the same session Frank Latos of Middleton paid the fine of $25 and costs after pleading guilty to selling unmanufactured tobacco to a person not licensed by the board."

Remember there is more at stake than your interest as a poultry producer. If this compulsory monopolistic scheme carries what chance will you have to resist a gasoline and tractor fuel monopoly; a twine, coal, flour or boot monopoly, in this country, once farmers themselves vote for a monopoly, or for that matter a monopoly in any other commodity?

My question is whether that report is correct, that a man was sent to gaol for selling tobacco, whether he had a licence or had not.

Some hon. MEMBERS: Carried.

Mr. FRASER (Northumberland): No. Will the minister answer the question?

Mr. WEIR (Melfort): I regret that I did not get the definite question.

Mr. FRASER (Northumberland): My definite question is: Was Mr. Csopari, a South Norwich farmer, sent to gaol for twenty days for selling tobacco?

Mr. WEIR (Melfort): I have not a record of this case at hand, but the circumstances are more complicated than as stated by the hon. member. I believe this case came up under a different charge, but as the actual information is not before me I would not care to take the risk of placing a statement on Hansard. I think the hon. member may agree with me that this was a more complicated case in the first place than he has made out. But I do not wish to evade saying this, that it is felt, and has been felt for years by those who have been actively engaged in cooperative effort and marketing, that in many cases their endeavours were made of no avail because of the fact that even a small percentage of producers remained outside of the organization and were sufficient to break the effectiveness of it. The purpose of this act is, in that connection, although it can be made use of in many ways without the compulsory feature, to give full control when the great majority of producers are anxious that it should be done. Under legislation passed in this house by the previous government as well as this government there are compulsory features, especially in connection with grading as the hon. member men-

tioned. For example I refer to section 14, page 4, of the Root Vegetables Act and regulations:

Every person who by himself or through the agency of another person violates any of the provisions of this act or regulations made thereunder, shall be liable upon summary conviction, for the first offence to a fine not exceeding twenty-five dollars and not less than ten dollars, for the second offence to a fine not exceeding fifty dollars and not less than twenty-five dollars, and for the third and each subsequent offence to a fine not exceeding two hundred dollars and not less than fifty dollars, together in all cases with the costs of prosecution; and in default of payment of such fine and costs shall be liable to imprisonment for any term not exceeding one month unless such fine and costs and the costs of enforcing them are sooner paid.

That is an example of legislation that was passed, I have no doubt, with the support of the hon. member who has spoken at such length. So it would seem that either he has changed his mind with reference to these things or his objection is not so much to the compulsory feature as it is to the political point involved. I would not care to be unfair in that connection; if the hon. member has changed his mind it is his privilege to do so. When he first rose to his feet he referred at length to the fact that the Natural Products Marketing Act made it possible to form a combine. That may be so, but it is only a combine concerning a regulated product, and not a combine that could be used to the detriment or injury of the public, because if it should be so used the powers of the board could be withdrawn.

Before taking my seat I should like to refer to the request of the hon. member for permission to place on Hansard the statement he has in his hand, without reading it. In view of the fact that on quite a number of occasions I have requested permission to do the same thing and that permission has been always refused by hon. members opposite, I think the proper thing in this case would be for hon. members on this side of the house to agree unanimously to permit the hon. member to place the statement on Hansard without reading it.

Mr. FRASER (Northumberland): I take it, then, that I must read it?

Mr. WEIR (Melfort): No, hand it in.

The CHAIRMAN (Mr. MacNicol): Is it the wish of the committee that the hon. member be permitted to place the statement he has in his hand on record without reading it?

Some hon. MEMBERS: Carried.

Mr. FRASER (Northumberland): I will read, from the statement submitted by the Alberta Poultry Producers Limited, the disbursement of their advance of $20,000.

Mr. WEIR (Melfort): The hon. member need not read it; the committee has given him permission to place it on Hansard.

The CHAIRMAN (Mr. MacNicol): Is the hon. gentleman reading the statement? The committee consented to allow him to hand the statement to Hansard.

Mr. FRASER (Northumberland): Then I will hand it in. The statement is as follows:

Statement submitted by the Manitoba Co-operative Poultry Marketing Association, Ltd., showing disbursement of advance of $10,000 made in connection with the Manitoba Poultry Marketing Scheme.

St. Regis Hotel, Winnipeg	$ 194 35
Manitoba Cooperative Conference	235 76
S. M. Gibson	400 00
A. W. Badger	20 00
E. G. Horwood	38 12
L. B. Crawford	32 20
Manitoba Telephone System	204 63
Farmers' Advocate of Winnipeg, Ltd.	78 44
Western Broadcasting Bureau	231 00
Rapid Grip & Batten Ltd.	6 25
Columbia Press, Ltd.	22 42
Canadian National Telegraphs	18 37
Canadian Pacific Telegraphs	16 16
Manitoba Division—Canadian Weekly Newspapers Ass'n	258 00
H. B. Kristalovitch	214 70
D. W. Richmond	102 79
J. A. Waters	128 45
Fred Baker	113 20
W. S. Patterson	111 80
Bank of Montreal	15 00
C. B. McLean	243 81
J. A. Beaudry	2 00
H. J. Lafreniere	3 00
J. E. Damphousse	2 00
Rene Destoop	2 00
Pere Ant. Champagne	5 00
Robert Lemoine	2 00
M. J. Chalet	1 00
Rev. E. A. Halde	5 00
Stevens & Co.	5 00
Rev. J. O. Bastien	7 00
Fouillard Bros.	3 00
H. Bourgue, S. J.	2 00
T. Macaire	3 00
Roger Leblanc	2 00
Omer Brabent	5 00
John B. Johnson	2 00
I.O.O.F., Mrs. W. H. Smith	3 00
G. N. Jacobs	3 00
C. C. Douglas	2 00
R. G. Blocom	5 00
I.O.O.F. Hall	2 00
W. H. McKinney	6 50
Chas. N. Argue	3 00
Frank Aikenhead	5 00
Canadian Legion	3 00
Canadian Legion	5 00
H. Sures & Co.	2 50
J. Mudge	2 50

J. A. McVicar	7 00
P. H. Hellop	10 00
Mrs. McClymont	3 00
J. W. Wiebe	2 00
J. J. Schroeder	2 00
A. Todd	8 00
Niverville Community Club	1 50
A. R. Stewart	5 00
P. J. Kehler	2 50
Mike Zulkowski	3 00
Winkler Community Club	7 00
Steinbach Lumber Yards & Hardware Store	4 00
H C. Epp	5 00
I.O.O.F.—E. B. Gower, Sec.	3 00
James E. Glynn	4 00
E. J. Smillie	4 00
Jas. B. King	3 00
Town of Hartney	1 50
Town of Killarney	5 00
Lena United Church	2 50
L.O.L. Hall % H. H. Barnes	5 00
Ninga Town Hall Co.	5 00
B. Hatten	3 00
Mrs. A. Havard	6 00
Rural Municipality of Gray	8 00
Harold Cliffe	2 00
I.O.O.F. No. 34 % J. A. Kerr	6 00
R. C. Stocks	5 00
J. H. Ouerend	3 00
A. Clemis	5 00
W. F. Hartwell & Sons Ltd.	3 00
W. H. Steven	1 00
A. E. Cramer, Jr.	7 50
A. Cameron	6 50
Frank Fargey	6 50
M. E. Franklin	4 50
Levi Gugot	3 00
J. E. Wells	3 00
W. W. Douglas	5 00
D. G. Stevenson	3 00
M. McKellar	3 00
Alex. McLaughlin	5 00
A. S. Ellsworth	5 00
A. L. Geene	10 00
E. B. Litz	6 00
J. S. Donald	3 00
W. F. Loyst	2 00
Geo. Graham	6 00
W. S. Peters	3 00
Wm. Fobson	2 00
Mrs. J. Hamilton	4 00
E. L. D. Joseph	5 00
W. A. Pedden	3 00
A. McLeod	3 50
E. Johnston	3 50
J. A. Bastard	5 00
C. Penson	2 00
J. S. Hartley	5 00
P. D. Frieson (I.O.O.F.)	6 00
E. A. McBrien	5 00
Lyleton Lodge No. 56 I.O.O.F.	5 00
H. Christie	3 75
B. E. Lewis	3 50
Mike Wolchuk	2 00
H. Preston	5 00
D. Melnyk	4 00
John Gundmunson	3 00
Harry Porcina	5 00
F. E. Beaudoin	4 00
B. Rogouski	2 00
J. P. Hawryluk	2 00
Wm. Hysiuk	4 00
Riverton Community Club	5 00
Joe McCullough	2 00
P. Torbiak	2 00
D. Sewe	3 25
P. Chartrand	5 00
Fred Turman	3 00
Alex. Hodgins	2 50
J. H. Procter	2 50
Geo. H. Sanderson	1 00
C. E. Rodgers	1 00
S. T. Ball	5 00
D. J. Linton	2 00
W. A. Hegelwood	2 00
Mrs. Fred Hodkinson	1 00
J. Hanneson	1 50
Mrs. A. W. Ripley	3 00
Chas. Bertram	4 00
Mrs. Ed. Londry	6 00
Mrs. J. C. Foster	3 00
W. G. Bradley	5 00
Philip Tutaluk	3 00
E. Yoxall	5 00
Daniel Hnutiuk	2 00
F. M. Ratcliffe	5 00
J. S. Robertson	2 00
Vista Community Hall	3 00
Allan Elvers	2 00
H. Stephens	2 50
O. McGuirk	5 00
Durban Community Hall	5 00
Elmer Harris	1 50
Wm. Jopson	2 00
J. Buchanan	3 00
Gladstone Meadows	3 00
W. F. Schneider	3 00
J. Storozinski	2 00
W. R. Lawry	4 00
Stefan Timo	3 50
M. Plazo	3 00
Matey Baraniuk	5 00
Nykola Matijeshyrn	2 00
Tony Zurbuk	3 00
A. Malcolmson	25 00
Womens' Institute	3 00
J. Christianoy	2 00
Ukranian National Home	2 00
D. Gillespie	3 00
Sec.-Treas., North Kildonan School District	5 00
K. Norman	1 00
Geo. Edkins	2 00
M. S. Stadnyk	2 00
J. A. Graham	5 00
M. Kadyniuk	2 00
C. E. Ferguson	5 00
W. A. Rowe	5 00
J. Ambrose	2 00
A. Childerhose	2 00
A. J. Lamb	3 00
Wm. Flewitt, Jr.	12 00
Oak Bank Hall Co.	5 00
John Kosinski	5 00
Mrs. L. Self	5 00
W. J. Patterson	2 50
C. E. Maddin	1 50
L.O.O. No. 2499	5 00
C. C. Oliver	3 00
Thor. Thordarson	2 00
Stefen Sigurdson	3 00
J. Johnson	3 00
C. Turnbull	0 75
Courier Publishing Co.	1 50
T. L. Davies	0 50
T. Balance	0 42
Miss Annie Spicer	4 00
Allan Elvers	3 00
John Loeppky	3 00
H. Bush	1 50

[Mr. W. A. Fraser.]

Mrs. Chas. Huehn	1 50
Dom. Carbon & Stencil Co.	3 50
The Neepawa Press	4 00
The Sun Publishing Co. Ltd.	6 50
F. Langseth	3 00
P. Batryn	2 50
W. H. Mitchell	29 50
CJGX Radio Station	15 00
Manitoba Telephone System	62 63
Winnipeg Post Office	150 88
Derrett Sign Co	11 75
M. Shepherd	148 50
W. J. Landreth	120 00
Marion Schofield	72 00
Remington-Rand, Ltd	35 00
Winnipeg Tribune	3 25
D. Gestetner (Canada) Ltd.	79 69
Bank of Montreal	137 30
Post Office (Rural Directories)	16 25
Farmers' Advocate	42 93
Winnipeg Map and Blue Printing	0 80
Winnipeg Electric Co.	2 80
Stovel Co., Ltd.	13 78
E. S. Russenhold	111 24
The Wilson Stationery Co. Ltd.	87 78
McCullouglis Multigraphing	23 58
Manitoba Stencil and Stamp Works	0 53
E. S. Russenhold	269 99
W. L. Watt	189 20
R. Lauyersweiler	5 00
W. S. Murray	32 00
Jos. DeRoche	187 20
Geo. H. Chapman	198 55
Jos. St-Onge	3 00
W. G. A. Gourlay	174 00
A. George	140 90
J. Stevenson	5 50
B. Luyendyk	160 10
W. A. Landreth	29 18
L. V. Robson	142 80
W. B. Martin	165 60
F. A .Sirett	74 05
Watson Crossley	135 85
W. S. Smith	204 05
Geo Gordon	202 05
R. H. Galloway	129 75
Chas. Simpson	139 95
W. J. Perepuluk	269 09
M. Ewanchuk	186 75
W. H. Morrison	134 40
F. P. Bashchok	49 00
Marion Shofield	15 00
Bank of Montreal	4 00
Remington-Rand Ltd.	5 00
E. J. Watson	108 90
Can. Poultry Pool Ltd.	1,898 09
Army and Navy Veterans Bradwardine	5 00
Winnipeg Electric Company	1 00
Man. Co-op. Poultry Marketing Ass'n. Ltd.	204 64
	$ 10,000 00

Statement submitted by the Saskatchewan Poultry Pool Limited showing disbursement of advance of $20,000 made in connection with the Saskatchewan Poultry Marketing Scheme.

O. G. Lindhold	$ 89 55
J. H. Stockton	20 60
Peter Sveund	21 00
John MacGregor	54 40
J. McCaig	58 55
H. Marsh	48 30
J. P. Jensen	125 65
Ernest Frei	72 50
Wm. Crozier	52 50
J. H. Brocklebank	82 25
Charles Coates	96 25
R. W. Wall	94 99
L. A. Harlow	14 30
Ed. R. Powell	23 00
M. Hale	16 40
J. J. Howard	87 20
W. J. Cherwick	97 37
Andrew Layst	28 30
Mrs. Pearl Johnston	49 66
E. G. Darley	37 87
J. A. Murdock	33 15
Lewis W. Elliott	37 35
J. H. Stockton	55 05
R. J. Moffat	11 65
Ronald Smith	75 20
J. B. Blain	36 70
P. J. Toal	69 90
J. E. Elder	26 00
John Sinclair	58 60
J. Quinn	131 20
D. A. Wotherspoon	11 60
Norman Stewart	70 30
H. R. Ferguson	55 15
Harry Busby	80 70
Ove Hansen	48 05
Peter Kyba	123 80
Henry Lewis	65 80
John A. Fox	100 65
D. M. Goggin, Livery	2 50
E. S. Murray	5 15
W. H. Brown	2 00
Le Patriote Publishing Co.	56 18
Western Printers Assoc. Ltd.	53 00
Modern Press Ltd	50 71
McInnis Bros. Ltd	542 07
C. Laporte	5 00
Mrs. E. Koziar	5 00
Sask. Poultry Pool	46 55
Willson Stationery Co. Ltd.	17 20
Regina Daily Star	7 85
"Der Courier"—Regina	11 76
Leader Post Publishing Co.	19 92
Western Producer	28 00
Ukrainian Voice	9 80
Jas. Richardson & Sons, Ltd.	.....
Radio Station "CJRM"	109 00
Electric Shop Wholesale Supplies Ltd.	35 15
Postmaster, Regina (Rural Directories)	26 25
C. P. Express Co.	3 10
P. O. Dept (Postage)	360 60
P. A. Howe	105 85
W. J. Boll	122 85
E. Vizmathy	117 13
M. R. Bristow	114 46
Alfred S. Bye	115 15
Peter Lindsay	111 40
E. L. Heinrich	126 98
M. W. Sawchuk	104 10
John J. Ruryk	161 90
L. J. Hockley	108 60
Mrs. M. Bicknell	127 57
Neva D. Myrick	93 56
Ethel McBain	115 10
Mrs. S. Nysak	123 95
H. Roberge	126 90
I. W. Studder	122 62
Robt. Pemtress	126 75
Sask. Co-op Wheat Producers Ltd.	233 50
Mr. J. E. Lidgett	123 15
H. A. Wakefield	139 00
C. Laporte	276 05

George Little	20 21
W. D. Mackay	115 80
H. J. Benson	71 20
C. H. Gingall	50 08
Marsh Adams	84 65
Fred Cherewick	156 90
P. J. Semko	141 95
Jas. F. Gray	37 50
George Fortnum	116 25
Aberdeen Community Hall	3 00
Abernethy Memorial Hall	2 00
Adanac Village Hall	3 00
Alameda Community Hall	5 71
Adrien Wilcott	3 00
Steven Romanko	1 50
H. Lapoint	3 00
I.O.L. Hall, Nottingham	2 00
H. A. Echelberger	2 00
Allan Community Hall	3 00
H. G. Sillars	3 95
Amazon S.D. 579	2 00
S. J. Krasnack	6 00
Anglia Hall Company	2 00
Parish Hall, Annaheim	5 00
S. Moon	2 00
Archerwill Community Club	3 00
Ray Bros	5 00
W. Acton	3 00
Town of Arcola	1 00
Village of Ardath	4 00
K. G. Hogar	1 50
J. Familinow	2 00
United Church, Assiniboia	5 00
Atwater Memorial Hall	6 00
Avonhurst Hall	2 00
W. L. McRorie	5 00
J. W. McManes	3 00
Village of Balcarres	2 00
Baldwinton School	2 00
Balginie Town Hall	3 00
W. J. Mullin	1 00
D. Syrnyk	2 00
J. J. Maswon	3 00
Baring Town Hall	1 00
Village of Bateman	2 00
J. Hopkins	6 00
Battrum Community Hall	2 00
Merry Maker Club	3 00
Royal Hotel	3 00
A. D. Stalze	1 00
Orange Hall, Bengough	2 00
Benson Community Hall	4 00
J. S. Rowand	2 50
Legion Hall Bienfait	6 00
Wm. Devereaux	3 00
Pete Bouchard	3 00
Canadian Legion, Big River	1 00
G. G. Dean	2 00
Masonic Temple, Birch Hills	4 00
J. F. Shebo	2 00
Mrs. R. G. Townsend	1 00
Theatre, Blaine Lake	6 00
Blucher Ladies' Aid	4 00
Borden Hall	4 00
Village of Bounty	1 50
Church Bracken	2 00
Braddock Community Assoc	2 00
Brancepath Community Assoc	3 00
Bratton Memorial Hall	3 00
C. W. Lister	3 00
Mrs. Dave King	1 00
Aitkton S. D. 3175	2 00
United Church, Briercrest	4 50
J. A. McLellan	2 50
Town of Broadview	3 00
Village of Broderick	2 00
C. H. Hackney	2 00
J. H. Wever	4 50
B. W. Hindmarsh	2 00
Village of Bulyea	2 00
Henry Indra	3 00
Mrs. Chas. Smith	6 00
Johnnie Koch	5 00
Orange Hall, Cabri	4 00
Village of Calder	2 00
F. J.	2 00
Community Club, Cantuar	4 00
Union Cafe, Canuck	1 00
Elks Hall, Canwood	3 00
Orange Lodge, Carievale	3 00
Carlton Community Club	3 00
E. Coxen	5 00
J. H. Stumberg	2 00
Town of Carnduff	1 50
L. Bird	3 25
Avalier Community Hall	2 35
Chas. C. Klein	1 75
Union Hall, Central Butte	3 00
Pool Room, Chamberlain	2 00
J. Jauczyre	2 00
Choiceland S.D. 4986	3 00
Churchbridge Hall	3 50
Clair Community Hall	3 50
Clavet United Church	5 00
Community Hall, Claydon	3 00
Cloan Community Hall	3 00
Coderre Community Hall	2 00
Codette Community Hall	3 00
O. G. Wyatt	4 00
Town of Colonsay	0 50
Congress Community Club	3 00
Corning Community Hall	3 00
Crooked River Hall	2 00
W. A. Mustard	1 00
A. Z. Drew	1 00
Cudworth Hotel	3 00
Village of Cut Knife	4 00
Dafoe Community Hall	2 00
J. J. Moore	2 00
Peter Koch	2 50
Red & White Store, Daylesford	3 00
J. C. Wilson	2 00
Town of Delisle	4 00
Community Hall, Demains	2 00
R. W. Moffaw	2 00
Village of Denzie	5 00
I.O.O.F. Hall, Dilke	2 00
F. B. Richter	3 00
J. A. Peters	2 00
A. E. Weiss	3 00
Village of Domremy	5 50
Parish Hall, Donovan	1 00
Druid Hall Co	3 00
Mrs. Hilda Booth	3 00
Orange Hall, Duff	2 00
J. Gustine	3 35
Mrs. E. Robinson	1 50
Alex Robinson	2 50
Dundurn Community Hall	4 00
Dunkirk Co-op. Hall Ass'n	5 00
G. C. Klai	5 00
Canadian Legion, Earl Grey	4 00
W. P. Anderson	4 25
Community Club, East Poplar	3 00
Telephone Edam	1 00
Village of Edenwold	2 50
Ramon Rogers	5 00
L. Schram	3 00
Elfras Hall	5 00
Moose Head Hall Association	2 00
Elrose Lodge, A.F. & A.M.	4 00
Elstow Agric. Society	5 00
Englefeld Village Hall	3 00
Esterhazy Hall	4 00

I. T. Carson	4 00
A. Pool	6 20
Riverside Club	2 00
Ettington U.F.C.	3 00
Village of Evesham	3 00
John Foulston	3 01
Fairy Glen Community Hall	3 00
Ferland Hall	3 50
W. H. Robson	4 50
Fielding Hall Co.	5 00
G. Leaschman	2 50
Fife Lake Community Hall	3 50
F. Madson	2 00
Valley City S.D. No. 2656	2 00
Flaxcombe Community Hall	5 00
J. Bamford	5 00
Flintaft Poll Hall	2 00
C. Newell	9 25
Forgan Co-op. Hall	3 00
J. P. Dechaine	1 00
Disc Theatre	4 00
S. D. Federdyk	1 50
G. Glasser	5 00
Froude Hall	3 00
J. S. Riddell	3 00
G. Kemper	2 50
Wm. Reynolds	5 00
Gerald Community Hall	3 00
Gibbs Community Hall	3 00
Gilroy United Church	3 00
Gladmar Community Hall	5 00
G. P. Thompson	3 00
Village of Glenabon	2 00
J. W. Hill & Son	5 00
C. O. Olson	3 00
O. R. Galbraith	5 00
E. Thompson	2 00
W. Beattie	2 00
Community Club, Goodwater	3 00
S. C. Wiwchar	1 50
Peter Quong	1 50
W. Gleason	1 00
United Church, Grand Coulee	4 00
Gray Grain Growers' Ass'n	3 00
Grassdale Community Hall	5 00
H. G. Frisby	3 00
Paul Dorrowolski	1 50
Guernsey Community Hall	4 50
Sunnybank S. D. No. 2559	2 00
Ukrainian National Homme Ass'n., Hafford	5 00
Hagen Community Hall	5 00
Village of Hallenite	0 75
I. Inman	1 00
M. A. Kreprokerwith	3 00
Hardsworth Community Hall	4 00
Elks' Hall, Harris	1 50
J. L. Jackson	1 50
Floyd Willis	2 00
Hazelcliffe Hall	2 00
O.O.F. Hall, Hanzenmore	2 50
Church Hearne	3 25
L.O.L., Hearts Hill	2 00
P. F. Schmidt	2 00
Irving L. Johns	1 00
Herschel Club Room	2 00
Herschel Hall Committee	3 00
F. G. Burns	3 00
Rutherford Bros.	5 00
Hirsch Community Hall	3 00
Hitchcook Community Club	3 00
R. Neep	5 00
Chas. Myers	3 00
Hoffer Community Hall	2 00
R. H. Beatty	1 50
M.W.A. Hall Ass'n	6 50
Hoosier Agric. Society	3 00
Hubbard Hall	2 25
Heighton Community Hall	3 00
Humboldt Town Hall	1 00
A. C. Knibbs	1 00
Church, Huronville	1 50
Wm. Montgomery	5 90
Ukrainian Community Centre, Insinger	2 00
Harold Ward	1 00
Invermay Community Hall	4 00
Wm. Currall	2 00
U.F.C.C., Juniats	3 00
Holy Trinity Church, Kamsack	6 00
Village of Kandahar	3 00
Joe Surder	2 00
L. W. Butter	4 00
Kelliher Community Hall	3 50
Church, Kelso	2 00
Mrs. L. V. Chamberlain	1 00
W. T. Gillings	4 00
Kenston Hall Co.	6 00
R. T. Johnson	2 00
Keppel Community Co-op. Ass'n.	5 00
Mrs. J. R. Vincent	4 00
John Yednak	1 50
J Hanowski	3 00
Kindersley I.O.L.	5 00
Legion Hall, Kinistino	2 50
Village of Kinley	3 00
R.M. of Kingsley	1 50
O.O.F., Kisbey	3 00
Kronau Athletic & Social Club	2 50
J. C. McNamee	4 00
H. Kilot	1 00
R. J. Curry	3 00
P. J. McGowan	2 00
Lake Valley School District	1 50
Lake Lenore Community Hall	5 37
Lampman Community Hall	4 50
R. Cowen	2 00
Landis Hall	5 00
Lang Community Theatre	3 00
A. B. Potter	1 50
Langenburg Community Hall	4 50
Lashburn Community Hall	3 00
I.O.O.F., Lawson	3 00
Leader Hall	2 00
Legion Hall, Lemberg	5 00
Lemsford Community Hall	3 00
H. Suick	3 00
Sam Arlin	1 50
LeRoy Hall Ass'n	5 00
Leslie Village Hall	4 00
E. J. Shimek	5 00
Orange Hall, Limerick	3 00
John Renner	1 00
Lintlaw Hall	4 00
Lipton Hall	3 00
C.C.Y.M. Hall, Lisieux	2 00
Livelong Hall	5 00
Lone Rock Community Hall	4 00
Lloydminster Times	3 00
Loreburn Community Hall	4 50
Mrs. M. L. Bovair	3 50
Orange Hall, Luseland	4 00
Macklin Memorial Hall	10 00
Macrorie Telephonse	1 05
Mrs. H. S. Perry	3 75
Mair Hall Ass'n	3 00
M. E. W. Dube	3 00
M. Zaychlosowsky	3 00
Major Hall Ass'n	2 50
Manor Hall	4 50
J. B. Godbout	3 00
Margo Town Hall	2 00
I.O.O.F., Marquis	2 00

Fram School Dist. No. 3466	4 00
Marsden Community Hall	3 00
Marshall School Dist. No. 1499	2 00
Rink Hall, Maryfield	2 75
Assumption Parish Hall	2 00
J. Nouch	3 50
J. M. Moskalyk	3 00
Legion Hall, Maymont	2 00
U.F.C. Hall, Mazenod	1 50
Meacham Community Hall	5 00
N. J. Sowko	3 00
R. Malowski	3 00
W. J. Boart	2 50
Orange Hall, Melaval	2 00
Cecil Hotel	3 00
Ralph Carson	3 00
J. Zohn	3 00
E. Binns	2 50
Midale Hall	5 00
Mrs. G. Wilson	3 00
John Lengyel	1 00
N. K. Cymbalsky	3 00
Mildred Community Hall	2 00
Milestone Town Hall	3 00
Orange Hall, Moosomin	3 00
Mortlach Town Hall	3 55
Muenster Hall	3 00
Walter Hanson	3 00
P. J. Hannon	0 75
J. H. Johnston	2 00
G. H. Greenwood	2 00
W. R. Peer	3 00
Beaver Lumber Ltd., Naicam	5 00
A. G. Thompson	3 50
Neilburg Town Hall	5 00
J. E. Bowles	2 00
John Ulmer	8 00
G. H. Dawson	4 00
Mrs. J. E. Bell	3 00
A. Hage	1 00
Norquay Hall	7 50
M. Reburn	5 00
North Portal, U. Church	1 35
North Side Hall	3 00
F. Willsey	3 00
Oddessa School District No. 5868	3 00
Church of England, Ogema	4 00
Miss E. McAllister	3 00
Otthan Village Hall	2 50
Oungre Community Hall	3 00
Bromhead Hall	2 00
P. J. Helmke	3 00
C.O. of Forresters, Oxbow	3 00
J. W. Taflan	3 00
I.O.O.F., Pangman	5 00
Pangman School Dist. No. 98	1 00
Frank Noulan	5 00
Mrs. Krause	3 15
Sam Ladyka	2 00
Parkman Community Hall	2 50
Parkside Hotel	2 00
Paswegin Community Hall	2 00
Pathlow Community Hall	3 00
J. F. Fulton	2 25
Peebles School Dist	0 75
Messrs. Pearse & Edworthy	4 00
A. Sanderson	4 80
A.F. & A.M., Pennant	4 00
A. E. Boyle	3 00
Penzance Hall	2 00
I.O.O.F., Perdue	4 00
J. J. Felix	3 00
I.O.O.F., Piapot	3 50
L. J. Cody	1 50
Plato Community Hall	2 50
Pleasant Dale Community Hall	5 00
Pleasant Valley Community Hall	2 00
W. Struton	1 50
C. A. Receveur	2 50
Ponteix Theatre	5 00
S. H. Miley	3 00
Preeceville Public Hall	1 00
Atlas Lumber, Prelate	2 50
Primate Hall	3 00
Prince Homemaker's Club	5 00
Prince Albert Daily Herald	3 36
Hotel Flanders	1 00
F. Planchot	4 00
H. O. Bjornson	5 00
Quinton Hotel	3 50
Rabbit Lake Hall	3 00
A. Matisz	3 00
R. P. D. Hicke	5 00
J. Hlady	3 00
Hotel Raymore	2 00
Readlyn Memorial Community Hall	3 00
Red Deer Hill Hall	4 00
Robert Norris	1 50
Resource Hall	2 50
L. Laturnus	1 50
P. Schraeder	3 00
J. M. Galbraith	5 50
Ricetown United Church	5 00
Charles Ducklow	5 00
Richmound Community Hall	3 00
Rodgedale Theatre Stock Co.	3 00
T. K. Sullivan	1 50
Robinhood Community Hall	5 00
Robsart Community Hall	3 00
A. H. Wyatt	5 75
Roche Percee Hall	2 50
Rockhaven Village Hall	2 00
Security Lumber Co.	2 00
Canadian Legion, Rosetown	5 00
Town Hall, Rosthern	11 00
Istban Szeudi	3 00
W. Barregar	4 25
W. L. Bieuthaer	1 00
Ruddell Village Hall	5 00
A. G. Hamilton	2 50
Rutland Hall	3 00
Saltcoats Town Hall	3 00
Mrs. S. M. Wooster	3 00
Sanctuary Mission Hall	2 00
Seeptre Lodge Hall	5 00
E. G. Knebler	1 50
Scotsguard Village Hall	3 50
Charles Wing	1 00
Semans Town Hall	2 75
Senlac Coop. Assoc. Ltd.	3 00
I.O.O.F., Shackleton	3 00
Shamrock Community Hall	5 00
J. Koropatniski	3 00
Rich Valley Hall	2 00
Sidewood Community Hall	2 00
Silton Hall Co.	4 00
J. C. Steen	5 50
St. Ignatius Hall	5 00
Sintaluta Memorial Hall	2 25
Sonningdale United Church	3 00
Southey Town Hall	4 00
W. G. Scott	5 00
St. Stevens Hall	10 00
F. L. Murray	4 00
Springside Village Hall	3 00
Arnold Park	3 00
Springwater Hall	3 00
B. B. Wood	1 00
Spy Hill Community Hall	3 00
St. Benedict Community Hall	5 00
M. M. Classen	4 00

[Mr. W. A. Fraser.]

W. Laback	5 00
Star City Hall	2 00
W. Northrop	5 00
Stenen Village Hall	5 00
W. S. Esche	1 50
Stockholm U.C. Hall	3 00
D. L. Kerr	5 00
Stranraer Community Hall	5 00
J. R. Hutchinson	5 00
Clement Wood	2 00
Sturgis Town Hall	5 00
C.O. of Forresters, Success	2 40
F. W. Linnell	3 00
G. H. Callard	3 00
W. T. Ross	2 00
J. W. Burrows	2 50
E. F. Gibbs	2 00
S. Solonjnko	2 00
Joe Johnson	4 00
Tesser Community Hall	5 00
Theodore Village Hall	1 50
Tiger Hills Hall	3 50
Mrs. D. J. Luck	3 00
Harry Parlisky	3 00
C. O. Foresters, Torquay	3 00
G. D. Spoor	2 00
Traynor Municipal Hall	1 00
Imperial Bank Hall, Tribune	3 00
Tuberose Mission Hall	2 00
Tugaske Theatre	3 00
Turtleford Hall	3 50
James Barry	2 00
Tyvan Community Hall	4 00
Unity Town Hall	4 00
F. Gilliland	2 00
Valor Home Maker Hall	1 00
Valparaiso Community Hall	3 00
Vangura Church Hall	3 00
J. T. Gray	5 50
O. L. Loraas	3 50
Grace U. Church	1 00
U. D. Wilyghalowa	7 00
J. E. Pollock	3 00
Vidora Hall	1 50
Vonda Town Hall	2 00
Legion Hall, Wadena	5 30
Wakaw Village Hall	2 00
St. Catharines W.A., Waldeck	2 00
Waldron Village Hall	2 00
H. Birnie	2 00
A. R. Erickson	3 50
Waseka Memorial Hall	5 00
Watson Town Hall	8 00
Wawota Village Hall	4 00
Shaw's Hall	3 50
Weldon Village Hall	1 50
Bert Santer	3 00
T. Halyn	2 00
A. C. Ferguson	7 00
Orange Hall, White Bear	3 00
L.O.L. Hall, White Fox	5 00
A. Baines	6 00
I.O.O.F., Wilkie	5 00
C. L. Lightbody	5 50
Legion Hall, Windthorst	2 50
Charles Adie	2 00
W. A. Downs	1 50
Wolfe Hall	1 00
Woolsely Town Hall	2 50
Woodrow Village Hall	5 00
United Stores, Wordsworh	2 00
E. N. Wojiechowsky	2 50
Yellow Brass Town Hall	3 00
Yorkton Town Hall	5 00
Zelma Village Hall	3 00
Mrs. Rose Wilson	589 20
Mrs. J. N. Culham	161 96
Mrs. N. Morrison	205 60
Mrs. J. D. McKenzie	224 43
C. F. Holmes	205 70
F. T. Marks	187 20
T. Tyler	194 11
D. K. Cameron	90 10
Thos. E. Bobier	104 00
W. S. Macmillan	128 70
Mrs. Anne W. Cusick	83 24
J. G. Wellbelove	68 80
J. R. Mitchell	140 20
J. R. Dodds	112 08
J. L. Campbell	157 35
I. F. Schmidt	106 80
M. Campbell	144 30
Adam Alexander	111 31
Albert Wilson	116 45
C. C. Staliker	96 55
R. A. Robinson	101 65
Nels W. Noren	102 55
Mrs. A. Coleman	108 80
Wm. Schaefer	73 00
Percy Simmons	89 70
Elias J. O'Dell	92 90
M. Joyce	27 18
J. E. Stratychuk	122 90
Fred Milne	70 66
Thos. Watchman	89 95
J. J. Bell	133 45
W. T. Botkin	106 70
Geo. M. Emmons	130 65
T. E. Pomeroy	104 90
S. Thraher	145 35
S. Pask	147 20
Everett Boker	126 00
P. A. Kennedy	92 90
W. A. Urton	120 95
Jos. Woodburn	109 75
A. D. Young	93 01
W. M. W. Amery	118 55
D. J. Statychuk	138 70
Tom Johnston	116 80
John N. Burrill	99 80
H. A. Crofford	127 35
L. J. Bright	112 45
Howard Cross	143 15
J. V. Patterson	130 95
Michael Checknita	150 15
G. B. Gregory	111 00
Wilson Parker	143 05
John Meikle	91 60
P. J. Hoffman	85 05
Fred R. Eyre	132 10
Denis Downing	145 90
A. Mansfield	122 85
Sask. Poultry Poll, Ltd.	400 00
Underwood Elliott Fisher, Ltd.	10 50
O. Steele	47 25
Geo. Bickerton	369 90
E. Rowson	24 75
M. Westbrock	115 30
J. Wright & W. Watt	55 00
W. Watt	15 90
J. Wright	13 50
J. Stinson	14 00
M. Solter	23 20
M. Slater	13 92
Sask. Co-op. Livestock Producers.	199 75
Dept. of Telephones	201 57
C.N.R. Telegraphs	58 94
C.P.R. Telegraphs	17 61
	19,955 46
Returned to Dominion Marketing Board	44 54
	$20,000 00

Statement submitted by the Alberta Poultry Producers Limited showing disbursement of advance of $20,000 made in connection with the Alberta Poultry Marketing Scheme.

Office Specialty	54 47
Mundy Map Co.	8 50
Remington Co., Typewriters	15 00
National Home Furnishers	4 00
Willson Stationery	8 20
Northern Investment	93 40
Post Office	503 15
Petty Cash	103 13
Miss M. Laycock	328 00
Miss G. Blakey	17 00
O. R. Younge	261 50
Miss M. Sinclair	55 50
J. H. Rhodes	120 00
Registrar of Companies	5 00
City of Edmonton—Electric Light	1 80
Exchange on Cheques	0 50
Edmonton Lodge No. 30, I.O.O.F.	9 00
E. W. Brunsden—Miscellaneous	55 00
Alberta Livestock Marketing Board	14 50
L. L. Barnett	94 90
E. A. Carey	176 01
Eldon Chambers	176 90
Wm. Chernawsky	141 75
C. E. Church	129 94
Ed. Cimon	113 15
J. E. Cook	201 79
H. Critchlow	161 62
R. H. Cuthbertson	178 57
Elnisky, Andrew	188 50
Mrs. R. H. Elliott	184 42
S. J. Ewing	141 28
A. E. Faulkner	101 50
J. M. Fontaine	193 64
John Fowlie	127 60
N. R. Cylander	177 84
R. P. Gibb	138 56
E. A. Hanson	165 10
W. J. Harper	168 65
R. F. Hick	145 42
Dr. J. C. Hide	142 12
Ben Holden	157 10
Q. E. Hollenberg	180 95
P. R. Hooper	136 85
C. F. Hopkins	133 40
T. H. Howes	115 40
L. L. Hinds	200 36
J. A. Johansen	159 06
Bert Kingston	179 60
Wm. Kotyshyh	203 55
W. Leonard	119 00
John Liss	178 20
T. F. Lovelock	158 35
H. J. Mather	150 80
L. V. Macklin	128 05
J. R. McFall	167 85
D. McLachlan	154 06
Joe Messmer	127 71
Alberta government telephones	76 58
City of Edmonton—telephones	15 00
Government telegraph service	3 05
Northern Alberta Railway Telegraphs	22 23
Canadian National Telegraphs	80 76
Canadian Pacific Telegraphs	41 87
Bank of Montreal—wire with advance	0 75
Canadian poultry pool	1,588 63
A. Speakman	94 20
J. H. Rhodes	335 35
J. M. Hughes	286 70
C. O. Pool	359 93
Provincial Dept. of Agriculture	182 80
W. B. Young	214 07
Carl Antonson	166 75
R. H. M. Bailey	163 50
W. Boisvert	190 63
Biggs, G. H.	158 47
Levi Bone	123 75
H. R. Boutillier	131 15
H. E. Bronson	152 44
J. E. Brown	134 67
W. Burns	185 73
Harry W. Braden	180 60
John H. Badger	139 60
J. M. Bentley	129 10
Norward Printing Co.	6 83
C. W. Willis	23 84
Commercial Printers	222 61
La Survivance Printing Co.	5 61
Hamby Press, Ltd.	9 00
Ernest Cote	15 00
V. H. Haryonak	15 00
Heintzman & Co., Ltd.	3 00
Taylor Pearson & Carson broadcasting	584 10
Innisfail Province	2 40
United Farmer	10 08
Edmonton Journal	9 24
Mafket Examiner	8 40
Calgary Herald	9 24
Alberta Labor News	4 50
Lethbridge Herald	3 36
Edmonton Bulletin	8 40
Albertain Publishing Co.	5 88
Manville Mirror	0 50
H. G. McCrea, C.W.N.A.	230 89
A. G. Moore	128 84
R. H. McDonald	125 31
E. J. Oleson	139 40
P. H. Oliver	190 97
Wm. Odynsky	170 50
A. D. Paul	158 60
W. T. Propp	156 38
Ronald Pye	145 42
Andrew Rafn	84 05
T. Gordon Reeves	183 10
E. E. Requiere	97 45
W. R. Roberts	130 25
Col. C. W. Robinson	178 25
S. W. Romaniuk	159 50
Alex. S. Stronach	146 86
W. W. Scott	190 66
Snow S. Sears	163 09
W. Stevens	141 63
E. E. Sparks	113 85
T. A. Brazil	385 00
R. S. Johnson	260 35
J. W. Hosford	255 72
F. J. Higginson	257 96
T. Wright	168 05
Hugh F. Spencer	162 94
Glen Storie	116 92
F. Strashok	155 40
W. R. Squance	115 55
Leland B. Shields	179 98
Emil Thomashewsky	134 55
Thomas Thomashewsky	136 35
John K. Thom	132 51
C. C. Wager	182 65
Ken Walker	174 26
J. M. Wheatley	171 55
Henry Walker	128 33
H. C. Young	175 93
J. Sereda	8 50
Total	$20,000 00

I should like to say, in reply to the statement of the minister concerning the act to which he referred a moment ago, that the penalties imposed under that act bring it into exactly the same category as the Weights and Measures Act; it is a case of standardizing and selling the consumer products of a certain quality. That is an entirely different feature; that is an entirely different purpose from the Natural Products Marketing Act. In that case, if you sell a man a rotten apple you are fined. If he wants to buy a Spy and you try to sell him a Ben Davis, naturally you will be fined, just the same as if you give a man a counterfeit dollar you will be fined. That bill is in exactly the same category as the Weights and Measures Act, with which we all agree. With that principle I entirely agree, as I always have agreed, but the penalties under the Natural Products Marketing Act are entirely different. These penalties are to be applied in order to try to make a person do what you cannot make him do. I quite realize, as the minister has said, that in all these schemes some people break away; in this case you are going to apply penalties to a minority, in the way of fines and gaol sentences, in order to force the minority to do as the majority desire. As I said the other night, that was what we tried to do in connection with liquor and narcotics, and we found that it could not be done. Now you are trying to do it in connection with food products.

In the first place, Mr. Chairman, there are four distinct features to this act. There are the penalty clauses; there is the removal from the House of Commons of the right to regulate exports and imports; there is the clause which places in the hands of a board not under the control of the parliament of Canada the right of taxation, and in the fourth place you put in the hands of that board rights which should be and are under the sole jurisdiction of the parliament of Canada. Those are the objectionable features of the act. If the act were so drafted that it could be used to assist the farmers instead of trying to do these things you cannot do, it would be a different proposition; as I have already said, cooperation is all right.

I should like to mention another point in connection with this act. A moment ago the Minister of Agriculture said that it did not provide for monopolies or for price fixing I agree with only part of what the minister has said. I have in mind the jam scheme. Under that scheme, which I believe has been adopted by the federal board, the price of jam has been fixed; specifically, the price of marmalade, which is made out of an imported product—Jaffa, Spanish or Italian oranges—has been increased to the Canadian consumer by nearly one hundred per cent. If any producers are to benefit under that scheme it can only be the Arabs or Jews of Jerusalem, the Spaniards of Spain or the Italians of Italy. Unquestionably, there is the right of monopoly under this act.

I should like to return to the fact that public moneys are being spent under the jurisdiction of this board in an endeavour to coerce—or I might use the word "kid"—people into trying to do something they do not want to do. Just listen to this for a moment. In Alberta the sum of $584 was spent for broadcasting. Just imagine using a propagandist over a broadcasting station to tell the Alberta farmers how to raise chickens and how to sell eggs. That is the way the money is being spent. Then there is item after item for speakers. Imagine paying speakers to go out on the public platform to advocate a scheme such as this. I happen to know some of the speakers by name, and if I did not know any more about keeping chickens, raising hens, or producing eggs than some of the people on this list know I would go into the horse doctor business without any hesitation. That is the way this money has been spent. I want to be emphatic about this. Apparently, from this statement, that is the way it is intended to proceed in 1935 and spend $500,000 of the people's money. And let me repeat that this $500,000 will not be spent under the direction of people who have spent their lives in successful business, farming or otherwise. It will be spent under the direction of academic minds and a lot of people who think they know more about other people's business than they do know. If you think the basic producers, whom the hon. member for Dufferin-Simcoe said to-night are toiling sixteen hours a day in order to get enough money to pay the sugar tax, their other taxes and the interest on their mortgages, are going to let any white collar, ten thousand dollar a year men, with shining cars, run around this country and broadcast over expensive stations, telling them how to get more eggs out of a hen, you are very much mistaken. I suggest to the minister that before this item passes he should carefully consider how this money is to be spent. He should be very careful before spending half a million dollars of the money of the taxpayers in trying to do impossible, uneconomic things that have been proven wrong from the Malay straits to south of

the forty-ninth parallel. Look across the forty-ninth parallel to-day; the minister knows as well as I do what has happened to the cotton business in that country. He knows also that there are forty per cent less cattle there to-day than there were when the NRA first came into operation. Do we think we can change the Almighty's works over night, the growing of grass where grass should grow? You cannot do that, or anybody else.

Mr. WEIR (Melfort): I would like to correct the hon. member on one point. This money was not distributed by any white-collared gentleman driving around in a shiny car, but by producers themselves, who are sponsors of the schemes and members of the different organizations supporting them in western Canada. The money was given to the provincial organizations, practically all of which represented producers.

Mr. FRASER (Northumberland): If there were not any shiny cars in western Canada they must have used old Fords or horses and buggies, because there were surely shiny cars used in eastern Canada.

Mr. WEIR (Melfort): In connection with the distribution of this money?

Mr. FRASER (Northumberland): Not that part of it, no.

Mr. YOUNG: I understood the other night from the minister that there were eleven schemes in operation; could he tell me if under any of these schemes marketing is being done either by the marketing board or by the local board?

Mr. WEIR (Melfort): No.

Mr. YOUNG: Why?

Mr. WEIR (Melfort): Because it provides only for the regulation of marketing, not the actual marketing.

Mr. YOUNG: Is it not the intention of the act that either the marketing board or a local board shall do the marketing?

Mr. WEIR (Melfort): No, even if it were desired they could not do it under the act.

The CHAIRMAN (Mr. MacNicol): Shall the resolution carry?

Mr. NEILL: Would you call it eleven o'clock?

Mr. MANION: Carried.

Mr. NEILL: No, I will go on, if you insist.

Mr. MANION: Go ahead, then.

Mr. NEILL: Does the minister insist upon going on?

Mr. WEIR (Melfort): I cannot see any objection to going on; we have to get it through some time.

Mr. NEILL: All right. I am sorry the hon. member for Dufferin-Simcoe has left the chamber. I was going to remark that it was curious to find him spending fifty minutes the other day eulogizing the marketing act and spending nearly as long to-night repeating most of it. It is even more curious to note that he concluded his remarks with very faint praise, by saying that it was a step in the right direction, while at the beginning or very early in his observations he alluded to the vicious principles contained in the act. He made some reference to my not being convinced of its usefulness, but I do not believe I ever went so far as to talk about its vicious principles. I am sorry he is not in his seat, but so that there will be no doubt about his statement I shall quote from his observations as they are recorded at page 3296 of Hansard for June 4, 1935. Speaking about the hon. member for Melville, he said:

> He suggests further that the vicious principles of the act might well be removed. With that view I am somewhat in agreement.

He began by telling us that the act contained vicious principles but ended with the statement that it was a step in the right direction, and fills in ninety minutes in an endeavour to show what a great and gallant act it is. He brought my name into the matter by stating that I had doubts about the efficacy of the measure. I never went so far as to talk about its vicious principles.

Now, to get back from the hustings to the House of Commons I should like to draw the attention of the minister to a certain point, and ask him to make a statement of policy on behalf of the government concerning a matter which to my mind seems to strike at the very root of the usefulness of the act. I refer to a decision given by the Saskatchewan court of appeal, to which I shall presently allude. This is a matter which more or less is of a constitutional nature, something which as a rule I am very careful to leave alone. However it is put into such simple and plain language that even he who runs may read. It would appear as we are all aware, that there was doubt as to the dual jurisdiction of the dominion and the provinces, and they got around it by passing an act in the federal house and the provinces passing what is known as enabling legislation. In all the provinces the enabling legis-

lation was in very much the same language. Then, on an appeal concerning live stock products to the court I have mentioned, a ruling was given. In connection with that ruling this statement is made:

> The net result of the judgment delivered at Regina within the past fortnight is to throw grave doubt on the constitutionality of all dominion enactments which rely upon provincial enabling statutes.

The judgment proceeds to state why they find fault, but I have not time to go into that phase of the matter. The fact is however that one of the higher courts—possibly it was the supreme court—of the province of Saskatchewan has decided that that method of solving the question of dual jurisdiction is all wrong and invalid. If it is invalid in Saskatchewan I suppose it would be equally so in Alberta, British Columbia or Ontario, because the basic principle upon which the decision has been given appears to lie right at the root of the matter. This statement is made:

> The judgment nullifies the Saskatchewan enabling act on the ground that it is merely an attempt to give a jurisdiction to the dominion which it does not possess and in a matter which, by the British North America Act, is assigned to the province.

Then they cite the converse:

> The dominion cannot give jurisdiction or leave jurisdiction with the province. The provincial parliament cannot give legislative jurisdiction to the dominion parliament.

Mr. LAPOINTE: Who were the judges?

Mr. NEILL: The article does not say. This statement is made:

> This act has received a crushing blow at the hands of the Saskatchewan court of appeal. It now appears that all the enabling legislation at present supporting such dominion statutes as the marketing act and the industrial disputes act, to cite but two, is imperilled.

Mr. WEIR (Melfort): That case did not refer to the provisions of the marketing act; it had nothing to do with the marketing act.

Mr. NEILL: I know that.

Mr. WEIR (Melfort): The hon. member is reading a newspaper opinion with respect to it concerning the effect the decision might have on the Natural Products Marketing Act. If the hon. member would read the judgment I think he would find that the objection taken to this particular piece of legislation was the manner in which the enabling legislation was passed.

Mr. NEILL: I should like to continue the discussion to-morrow, because the minister's statement is not in accordance with my understanding.

Progress reported.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 87, respecting The Wapiti Insurance Company.—Mr. Weir (Macdonald).

Bill No. 89, for the relief of Muriel Mabel Muttart.—Mr. Myers.

Bill No. 90, for the relief of Emile Fossion.—Mr. Bell (St. Antoine).

Bill No. 91, for the relief of Eva Bennett.—Mr. Bell (St. Antoine).

Bill No. 92, for the relief of Helen Gertrude Bryant Wilson.—Mr. Factor.

Bill No. 93, for the relief of Gladys Sarah Jenkins Weeks.—Mr. Factor.

Bill No. 94, for the relief of Mary Elizabeth Taylor Nicholson.—Mr. White (Mount Royal).

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

Friday, June 7, 1935

The house met at three o'clock.

TRAIL, B.C., SMELTER

Right Hon. R. B. BENNETT (Prime Minister): I desire to lay on the table two copies each in English and French of the convention between Canada and the United States, with respect to certain complaints arising from the operation of a smelter at Trail, British Columbia, dated the 15th day of April, 1935.

ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION BY ROYAL COMMISSION INTO ALLEGED IRREGULARITIES

Hon. HUGH GUTHRIE (Minister of Justice): At the request of the hon. member for Gloucester (Mr. Veniot), I desire to lay on the table the evidence and exhibits, which only came to hand on Wednesday, in connection with the inquiry by Chief Justice Baxter into certain irregularities charged against the Royal Canadian Mounted Police. This is the only copy of the evidence that has come to hand. I have not yet had time to read it but I will place it on the table in the meantime.

BANK OF CANADA ACT

On the order for the introduction by Mr. Reid of a bill to amend the Bank of Canada Act:

Right Hon. R. B. BENNETT (Prime Minister): Before this matter is further pro-

ceeded with I think I should say to the hon. gentleman who proposes the bill that perhaps he is not aware of the fact that under the international agreement made between various countries, including Canada, regarding silver, there is an obligation undertaken by Canada that the government shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement, 1,671,802 fine ounces of silver in each calendar year beginning with the calendar year 1934. The agreement does not terminate until the first of January, 1938, and I hardly think that the hon. gentleman would desire, by the legislation which he now contemplates, to endeavour to destroy the international agreement to which I have referred.

Hon. IAN MACKENZIE (Vancouver Centre): If I may refer to the point raised by the Prime Minister, I submit with all respect that the legislation proposed to be introduced by the hon. member for New Westminster (Mr. Reid) does not in the slightest degree interfere with the agreement to which the right hon. gentleman has referred. It only implements it and strengthens it, proposing that the Bank of Canada shall not have less than that actual amount specified in that agreement. With respect to the point raised by my right hon. friend yesterday, I submit that this cannot possibly affect either revenue or expenditure as suggested, nor can it affect the Bank of Canada even if, Mr. Speaker, you construe the Bank of Canada to be the agent of the minister. I think the point raised by the Prime Minister now is raised more or less on grounds of public policy, and I suggest with the utmost deference, after a careful examination of both sections of the proposed bill, that it does not in the slightest degree interfere with the international agreement; on the contrary, it seeks definitely to implement the terms of that agreement.

Mr. SPEAKER: I am going to ask the hon. member for New Westminster (Mr. Reid) if he will allow this matter to stand for another day. I may say that I have given the matter very careful consideration and I am in considerable doubt as to whether or not the bill is in order, but I certainly do not wish to rule that it is out of order unless I satisfy my own mind on the subject. Is that satisfactory?

Mr. REID: Yes.

Mr. LAPOINTE: That is reasonable.

Mr. SPEAKER: Stands.

[Mr. Bennett.]

FRUIT, VEGETABLES AND HONEY

Hon. ROBERT WEIR (Minister of Agriculture) moved for leave to introduce Bill No. 95, respecting fruit, vegetables and honey.

Motion agreed to and bill read the first time.

B.C. RELIEF CAMP STRIKERS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I would like to ask the Prime Minister a question with reference to press dispatches to the effect that certain men who were formerly in unemployment relief camps in western Canada are now proceeding to Ottawa. Is he prepared to make any statement with respect to the general situation or any statement of government policy with regard thereto?

Right Hon. R. B. BENNETT (Prime Minister): So far as the government is aware, a number of men have left Vancouver as trespassers on freight trains and are travelling east, some by the Canadian Pacific and some by the Canadian National. No complaints have been made by the railway companies against these trespassers, and until such time as such complaints are made, the provincial authorities are not, as I understand the situation, disposed to take any proceedings against these men. The government is ready and willing, if called upon by the provincial authorities, to render such assistance as may be necessary in the premises, but at the moment no such occasion has arisen.

I should add that the communist societies in Canada are proclaiming it as a very great victory on their part that these men have moved east. I need hardly say that there are several well known communistic societies under varying names; they have sought to embroil the government in some discussion in respect to these matters, and we have declined to enter into any discussion with them. Doubtless the hon. gentleman has seen the statement that has been made as to the victory that has been achieved with respect to these trespassers on the trains.

Mr. MACKENZIE (Vancouver): Have there been any requests from the government of Alberta or the mayors of cities?

Mr. BENNETT: A number of telegrams have been received from various communities apprehending difficulties, but we have told them that when complaints have been made against these trespassers, at the request of the provincial authorities we are ready to render such assistance as may be within our power and as they may require.

One telegram did come from the premier of Alberta, one, I think, from the mayor of Calgary and one from Edmonton. I speak subject to correction as to Edmonton, but I am sure as to Calgary. Obviously it is hardly necessary to say that we are not in a position to render any assistance until some complaint is made, and that matter, as I repeat, is one that rests, in its inception and in its carrying forward, with the provincial authorities.

FEED AND SEED GRAIN EXPORT

On the orders of the day:

Hon. R. C. MATTHEWS (Minister of National Revenue): Last Wednesday, on the orders of the day, the hon. member for South Battleford (Mr. Vallance) asked how much hay, straw, feed and seed grain was exported to the United States from each of the western provinces during the past season. I find that the statistical returns of exports do not distinguish between seed and feed grain, all of each class of grain being grouped together in one item for statistical purposes.

I have had a statement prepared, however, of the exports of hay, straw, barley, rye, wheat and oats from each of the western provinces during the fiscal year ended March 31, 1935, and during the month of April, 1935, and with the permission of the house, I shall place this on the record. The statement is as follows:

Statement of exports of barley, rye, wheat, oats, hay and straw: to the United States through ports in the western provinces of Canada during the fiscal year ended March, 1935, and the month of April, 1935

Province:	Barley	Rye	Wheat	Oats	Hay	Straw
Fiscal year, 1935:	Bush.	Bush.	Bush.	Bush.	Tons	Tons
Manitoba	254,436	386	569,094	17,806	22,639	25,266
Saskatchewan	1,333	172	136,181	23,168	13,108	20,800
Alberta	2,930	558	702	429	326	20
British Columbia	....	...	308,000	192	13	34
Month of April, 1935:						
Manitoba	5,278	20	22,150	490	3,281	100
Saskatchewan	1,580	...	25,377	8,807	1,686	....
Alberta	130	...	....	100	56	....
British Columbia	....	...	....	....	....	....

UNEMPLOYMENT RELIEF

REPORT OF MACDONALD COMMISSION APPOINTED TO INQUIRE INTO CONDITIONS IN BRITISH COLUMBIA

On the orders of the day:

Hon. GROTE STIRLING (Minister of National Defence): I informed the house yesterday that the report of the Macdonald commission which had been inquiring into the relief camps in British Columbia had just reached me. I wish to state that it is now receiving the consideration of the government, and I anticipate being in a position to table it early next week, probably Tuesday, and to make a short statement at that time.

Mr. ANGUS MacINNIS (Vancouver South): Might I ask the Minister of National Defence whether copies of the report of the Macdonald commission will be printed for the use of members?

Mr. STIRLING: That matter will be considered by the government and I will make a statement thereon when I speak to the tabling of the report.

HYNDMAN COMMISSION

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Might I be permitted to suggest to the Minister of Pensions and National Health (Mr. Sutherland) that I will ask him next Monday with respect to the government's intention as regards referring the Hyndman report on unemployment among ex-service men to a special committee?

CANADIAN FARM LOAN ACT

On the orders of the day:

Mr. E. L. BEAUBIEN (Provencher): I would like to ask the Minister of Finance a question in regard to the Farm Loan Act. When a man has a loan made prior to the act which was passed this year whereby a person can borrow at five per cent, will the old loan be released?

Hon. E. N. RHODES (Minister of Finance): A decision upon that point has not been arrived at as yet.

MEAT AND CANNED FOODS ACT

Hon. GROTE STIRLING (Acting Minister of Fisheries) moved that the house go into committee on Bill No. 25, to amend the Meat and Canned Foods Act.

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

On section 1—Power to prescribe fees for inspection.

Mr. NEILL: Might I ask the minister why he is making this amendment to section 17 which deals with fish and shellfish canneries and their inspection? It seems to me that it should have been made to section 18 which deals with fish and shellfish packed in cans. The minister is aware that inspection of canneries lies no longer with the dominion but with the provincial authorities and this section is really obsolete. The amendment would seem to be more appropriate if it were made as an addition to section 18 of the act.

Mr. STIRLING: The object of the amending bill is to clear up any doubt which may have existed as to whether under this section the government have power to collect fees. The insertion of the clause as suggested, appears to me to meet the difficulty. It states:

> The governor in council may from time to time prescribe a tariff of fees that shall be charged for the inspection of canned fish and shellfish.

And attached to section 17, it appears to me to be quite appropriate.

Mr. NEILL: Surely the minister did not catch my meaning. I am not finding fault with the wording of the clause in the bill. I am merely saying that it is being put into the wrong place. It is being attached to a section which has no standing in law to-day. Section 17 reads:

> All fish and shellfish canneries shall be inspected as provided by the regulations.

But that is ultra vires of the jurisdiction of the dominion at the present time and has been since the decision of the privy council somewhere around 1927 or 1928. It would seem appropriate to put it in the proper place instead of the wrong place. I admit it would have sufficient significance wherever it is put, but it would be much more appropriate to put it in the section that is within our jurisdiction, section 18, dealing with canned fish, rather than in the one dealing with canneries over which we have no jurisdiction.

Mr. STIRLING: The output of canneries can certainly be inspected under the act. It does not seem to me to make any difference whether it is under section 17 or section 18.

Section agreed to.

Bill reported, read the third time and passed.

LIVE STOCK AND PRODUCTS

Hon. ROBERT WEIR (Minister of Agriculture) moved the second reading of Bill No. 72, to amend the Live Stock and Live Stock Products Act.

Motion agreed to, bill the second time, and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Definitions.

Mr. COOTE: Would the minister give a word of explanation as to what the changes are?

Mr. WEIR (Melfort): The changes are, first, to leave no doubt as to meat, not only for export but also for interprovincial trade, being included for inspection. Also in order that packers' yards through which direct shipments are made to packing plants may, if necessary, be brought under the same regulations as public stockyards; to give effect to the recommendations of the price spreads commission.

Mr. STEWART (Edmonton): Is not export from one province to another taken care of by the present inspection in meat packing plants? Is it the intention to bring the small butcher doing a domestic business under it?

Mr. WEIR (Melfort): No.

Mr. STEWART (Edmonton): Well, what is the idea concerning trade between province and province?

Mr. WEIR (Melfort): At present the act defines "live stock products" as including meat for export, but that does not cover interprovincial trade. The definition "for export" has been changed to include interprovicial trade.

Mr. STEWART (Edmonton): That is what I am asking. What will be the position of a farmer who lives on the boundary line between two provinces, or a local butcher who slaughters say in Alberta and sells the meat in Saskatchewan? It is not now inspected because it does not go through a packing house. Will he be an offender under the act if he does that?

Mr. WEIR (Melfort): No.

Mr. STEWART (Edmonton): Well, in that case there is not much use making the change, if it can be evaded as easily as that.

Mr. WEIR (Melfort): There are many plants that are not inspected establishments. At the present time there is only provision for inspection of plants doing interprovincial trade, but not of the product itself in transit. It will not in any way affect these small butcher shops.

Mr. MOTHERWELL: I think the minister will admit that there is not very much to this bill. I do not suppose it is meant to be one of the reforms bills at all, just the regular dressing up that usually takes place from time to time in these measures as circumstances require. Section 1 that we are now discussing defines "export," and the meaning is the same as it has been all along. "Export" has meant export out of the country and also interprovincial trade.

Then the other changes have grown out of that to some extent; such as the definition of what "domestic consumption" means. These are very trifling amendments but they are necessary. I do not despise them, but they do not by any means conform to the majority report of the price spreads commission. When the Minister of Justice was dealing with the amendments to the criminal code the other day he seemed to be very anxious as nearly as possible to follow along the lines of the price spreads report, which seems to be looked upon as the sacred ark of the covenant; but in this bill the minister seems to be getting away from the recommendations of the price spreads commission as far as possible. Maybe he is right in that respect. One recommendation of the majority report as I recollect is that there should be a live stock marketing board appointed. I do not see anything of that in this bill; perhaps the minister will explain why it is not here. I am not criticizing him for it not being here, I do not think it will be missed; at the same time I would like to understand why the Minister of Justice is so religiously desirous of carrying out in every detail the price spreads report, even to the point of absurdity, in the amendments to the criminal code.

Mr. GUTHRIE: Oh no.

Mr. MOTHERWELL: Well, pretty nearly. My good friend the Minister of Agriculture seems to disregard it by overlooking the major report of the price spreads committee on the live stock industry.

Mr. WEIR (Melfort): Provision is being made, with the exception of those amendments, to give effect to the recommendations of the price spreads report. The hon. member who has just taken his seat was right in his suggestion in that connection.

Mr. MOTHERWELL: Are we through with section 1?

The CHAIRMAN: Not yet.

Mr. MOTHERWELL: Then I shall wait until we are before saying anything further.

Mr. GERSHAW: May I ask the minister if a man taking meat across an interprovincial boundary must fill in reports and give information or call at any office to get permission to do such a thing?

Mr. WEIR (Melfort): No. But if complaints are made and abuses arise this gives power for action to be taken.

Mr. ILSLEY: Has the minister anything definite in mind, any particular regulation that he proposes to make under this section?

Mr. WEIR (Melfort): With respect to hogs passing from one province to another it might be necessary to take certain action.

Mr. ILSLEY: In what way? It would be interesting to know whether there is anything definite in the mind of the minister or of the department as to what is to be done under this section. From reading it I do not know just what is aimed at.

Mr. WEIR (Melfort): One example might be the failure to observe grading regulations in connection with hogs, for example, or anything else that might arise in this connection. The whole point in the change of this definition is to give further power not only in connection with exports but also in connection with interprovincial trade in order to correct any abuses that may arise.

Mr. ILSLEY: That does not say anything at all. We do not know what abuse the legislation is designed to remove or what offence is expected to be created under it or what punishment there is to be for the offence; in fact we are entirely in the dark as to what the government have in mind. Does the department intend to prevent certain kinds of meat from moving from province to province while they may be moved from point to point within a province? Is that the point they have in mind?

Mr. WEIR (Melfort): Previous to this amendment "export" meant only international trade. The definition is changed here to include interprovincial trade, to which the same regulations can apply.

Mr. ILSLEY: What kind of regulations; regulation in what way?

Mr. WEIR (Melfort): In any connection, either as to inspection or any of the powers

contained in this act, that previously applied only to export for international trade. Now they will apply to interprovincial trade.

Mr. ILSLEY: What provisions do apply to export trade?

Mr. WEIR (Melfort): That is given in the regulations, which I have not here.

Mr. LAPOINTE: I should like to support the objection to this section of my hon. friend from Hants-Kings (Mr. Ilsley). I think there is danger in creating barriers between the provinces. I believe what we should have in mind in Canada is the development of a national sentiment instead of the creation of different provincial territories separated and divided one from the other. If you start with small matters such as this in connection with the regulation of cattle, hogs and so on it may spread to other fields, and I think that is a dangerous principle to develop in this country.

Mr. ILSLEY: In the explanatory note a reference is made to the recommendation in clause 11 of division 2 on page XXII of the report. So far as I can see that is an incorrect reference; I cannot find the recommendation referred to. I should like to know what recommendation is referred to so that I may see what the government have in mind.

Mr. WEIR (Melfort): This reference deals specifically with the grading of meats.

Mr. ILSLEY: Where is the reference? It is incorrectly stated in the explanatory notes.

Mr. WEIR (Melfort): I am referring to the reference now, "consumer grades for meats."

Mr. ILSLEY: What page is that?

Mr. WEIR (Melfort): Page XXII of the preface. Recommendations have come to the department from time to time, and the department itself has also felt, that in connection with meats it would be advisable to make available to the provinces, if they so desired, an inspection of meats for domestic purposes. A good deal of work has been done in connection with the grading of meats during the past number of years with the hope that if the consumers had some assurance as to the quality of the meat they were purchasing, through a grade placed upon it—red label or blue label beef, for example—it would encourage the consumption of meat. I think perhaps it has come to the attention of every hon. member of the house, in travelling throughout the country and stopping at hotels and other eating places, that possibly nine times out of ten they have been disappointed in the quality of the meat served to them, particularly beef. I know that opinion is held very strongly by the live stock producers themselves, and each person who is disappointed in the quality of the meat he gets is a lost purchaser, to a certain extent, of live stock products. So far this inspection has not been pressed in the domestic market but it is felt that if the province of Ontario, for example, should wish to carry further this policy of grading meats for consumption, they should be given the privilege of doing so.

Personally I feel that because of the large percentage of our meat, for instance beef, that is consumed locally, it would not take very much of a stepping up in the consumption to take care of a great part of our present surplus for export, and it is felt that the one move that would go further than anything else to bring about that end would be to make it easier for the consumer to be assured of the grade or quality of his meat, so that the purchaser might know as nearly as possible what he was getting. I believe during the investigation by the price spreads committee complaints were registered that stores would advertise for sale red label and blue label beef. These stores would have some of that beef for sale but on some occasions, without an explanation to the purchaser, they sold beef that was not graded either red or blue label. In that way the consumer was misled, with no possibility of redress. I know there is a very strong feeling among those who are anxious to make better use of our domestic market that we should carry further the grading of beef in order to encourage the consumption of higher quality beef and to make more difficult the misrepresentation that undoubtedly has occurred in some cases in this regard. In order to do that the definition of "export" has to be changed in order to take care of the interprovincial movement; so that if the province of Ontario decided to have compulsory provincial inspection of beef, for example, that would not be effective if beef could be shipped in from other provinces without undergoing the same inspection.

Mr. KENNEDY (Winnipeg): Would the minister indicate to the committee what percentage of our annual production of various live stock products, including hogs, cattle, sheep, lambs and so on, goes to the export market?

Mr. WEIR (Melfort): I regret very much that I have not those exact figures with me.

Mr. KENNEDY (Winnipeg): I think they are rather important in view of the minister's

observation that a slight stepping up of the domestic consumption would largely take care of our surplus for export.

Mr. WEIR (Melfort): That is the point I was endeavouring to make. We have a market for all the lambs we produce, and an export market is unnecessary. Our consumption of beef is in the neighbourhood of 85 per cent of production.

Mr. KENNEDY (Winnipeg): I believe the figures are shown at the bottom of page 145 of the price spreads report.

Mr. McGIBBON: What percentage is rejected on account of disease?

Mr. WEIR (Melfort): About one-half of one per cent is rejected and condemned.

Mr. McGIBBON: Does that apply to beef.

Mr. WEIR (Melfort): That applies to live stock, as a whole. Dairy cattle run higher than that figure.

Mr. McGIBBON: A few years ago the percentage of tuberculosis in pork was very high. Has it been decreased?

Mr. WEIR (Melfort): Some tubercular infection shows in about 20 to 25 per cent of the hogs marketed. In a great number of those cases certain glands in the neck are mildly affected. Those hogs or parts thereof are discarded and not allowed to go into consumption. In my former statement however I did not take that into consideration.

Mr. KENNEDY (Peace River): Does the amendment give authority to apply grading regulations to meat in all packing plants engaging in interprovincial business?

Mr. WEIR (Melfort): Yes.

Mr. KENNEDY (Peace River): It makes no difference whether or not all the meat going through a particular packing plant leaves a certain province; it applies to the whole product. The grading applies to the whole product of that packing plant?

Mr. WEIR (Melfort): That is the intention, yes.

Mr. KENNEDY (Peace River): What about meat imported from other dominions into Canada. I am thinking particularly about mutton. It is imported, and I believe is sometimes sold over the counter as lamb. Having tasted some of the lamb that is sold I have a suspicion that I am correct in my assumption.

Mr. WEIR (Melfort): If a province decides that all meat within that province shall be inspected and graded and that no meat within the province may be sold otherwise, this measure gives power to prevent an interprovincial movement of uninspected meat, and would take care of the difficulty mentioned by the hon. member.

Mr. KENNEDY (Peace River): Does the act as it stands give the federal government the right to insist upon the grading of mutton or lamb brought into this country from other countries?

Mr. WEIR (Melfort): I do not think we have power at the present time except as I have explained.

Mr. KENNEDY (Peace River): I consider that a very important matter, and on previous occasions have made reference to it in this chamber. If it were possible to have an amendment to the act or to obtain the cooperation of the provinces in the matter I believe the live stock industry would be greatly helped.

Mr. KENNEDY (Winnipeg): I agree with the views expressed by the hon. member for Peace River, namely, that if live stock products are to be imported into Canada and are to come in direct competition with our own production it is highly important that they be under a strict system of inspection and grading, the same as domestic products.

In respect to the question asked a few minutes ago I would refer the committee to the information at the bottom of page 145 of the report. I shall read some of the figures:

The following figures from the Dominion Bureau of Statistics show the relation of domestic consumption in 1933 to production:

	Per cent
Dairy products	95·4
Butter	98·5
Cheese	31·4
Cattle (beef and veal) estimated by pound	95·0
Hogs	90·8
Eggs	99·1

These figures indicate clearly that only a very small surplus of domestic production goes into export trade.

Mr. DONNELLY: I can readily realize that there will not be many cattle raised in Canada for export purposes if the prices remain at the point they have been in the last year or two. Cattle have been sold by the farmers at one-half cent or one cent per pound on the hoof. That price does not pay for their keep, and the farmers are not going to raise many of them. There is not much encouragement for the farmer to go

into the production of live stock, and there will not be much difficulty in persuading the Canadian people to eat the total production. I do not think there will be much necessity for grading for export unless the price can be raised.

What will happen in the southern part of the province from which I come when we wish to pass through a customs port to cross the line—because I presume before this session is over we will have a measure of reciprocity with the United States? We have been looking for it for two or three years. This government has promised it and of course it always keeps its promises. When we have that measure of reciprocity cattle will cross the line without duty, and we do not want to have to take them to Moose Jaw, a distance of about 150 miles, to have them graded. We want to have some system of getting through customs ports and across the line without having to make that long trip for grading purposes. Even to-day we are taking cattle across the line in the southern part of the province and are paying the duty. They are being sold in the Chicago market because it pays us to do that. It is better to sell them there than to sell them in Canada. What provision has been made for the grading of cattle going out in that way?

Mr. WEIR (Melfort): We have power to grade beef cattle leaving the country in that manner, but it has never been exercised. We are doing it in so far as dairy cattle are concerned in connection with shipments going to the United Kingdom. No person regrets more than I do the condition the hon. member has described, namely, the difficulty of getting an export market, and the fact that the market in the United States was lost before the present government took office.

Mr. STEWART (Edmonton): This is a huge joke that the Tories put over on every occasion, namely, the loss of this market. For two evenings we have been treated to a dialogue about the loss of markets. The hon. member who acted as chairman of the price spreads commission was desperately anxious to indicate that the people of Canada could eat the domestic supply. That is the sort of stuff the Tories will feed to the electors at the next election, in the hope that the Canadian people will fail to remember that there was a day when prices were sufficient to warrant production, when we had large amounts of dairy products to export—in one year 24,000,000 pounds. Those were days when people drank more milk and ate more butter than they ever did before in the history of Canada.

[Mr. Donnelly.]

Mr. GOBEIL: You remember the Hawley-Smoot tariff?

Mr. STEWART (Edmonton): Yes, I do; and I remember what you said about it. Go back now and tell the same story to your electors, and see whether or not you will be elected. The electors are becoming fed up on this sort of thing. We sit here day after day and listen to hon. members opposite tell us how the market disappeared when the Liberals were in office. What justification has the government for what has happened in the last five years with regard to price reductions, when because of lack of markets production has fallen off? Hon. members opposite have been advising the fellow who wants to eat to tighten up his belt and to eat less. They have advised him to eat less eggs and butter in order that they might take up the slack in home consumption. You have closed every possible market by various devices since you came into office, and I would advise you to go very slow in talking about any restriction of markets because I have in my desk statistics demonstrating how badly the markets both domestic and export have fallen off. So far as the export market is concerned, if prices continue as they are we shall not need any export market or domestic market either because, if present conditions continue, one of these days you will find yourself in the happy position of not having a market and of having no people to eat your products anyway. It will be a Godsend when there is an election and we can have this moribund outfit cleared out and give somebody who will do business for Canada a chance to do it.

Mr. WEIR (Melfort): Does the hon. member state that during the time his party was in power, when the United States tariff was raised against our cattle to three cents a pound, that did not shut practically the whole of our cattle out from the United States?

Mr. MOTHERWELL: May I draw the minister's attention to this fact, that simultaneously with the loss of the American cattle market we secured the British market, and that is where our cattle went to. This government think that they took the embargo off cattle. It is true that they attended to the frills and tagends in the way of restrictions that still remained after 1923, but the major part of the embargo was taken off in 1923 under the Liberal administration. But we never claimed that all the credit belonged to us but to all who had preceded us and had been endeavouring to remove it for thirty

years back. Immediately we were shut out from the United States market our market in Great Britain was opened up, and in the second or third year after the embargo was removed, in 1926, we shipped over 100,000 cattle to Great Britain, which is twice as much as we ever shipped since. So when we lost one market we got the other, and that is the advantage of having two markets. You cannot have it both ways. When the British market is bad, it is an advantage to have the United States market. But who is losing the British market now? I might just as well castigate this government on that score. When the United States market prices become attractive naturally our cattle gravitate to the United States in spite of their high American tariff but this year we have shipped to the United Kingdom only between 5,000 and 6,000 head—the minister will correct me if I am wrong—and if the quota next year is based on our shipments this year we shall be limited to shipping 5,000 or 6,000 head to the British market. So there is no use in the minister indulging in these bedtime stories about our losing markets because if we lost one we gained the other, and we did not lose the American market as the result of any action on our part but because the American government conceived that the action they took was the proper thing to do for the protection of their own farmers. But the Liberal government did do something to gain the British market by removing the embargo in 1923.

Mr. WEIR (Melfort): On each occasion that I have made reference to this matter I have been careful to state this, and I did so specifically in the house the other night, that we were not accusing hon. gentlemen opposite of losing the market but simply that the market was lost when hon. gentlemen opposite were in power, and that we objected to them blaming us for losing the market.

Mr. MOTHERWELL: What could we have done to retain it?

Mr. WEIR (Melfort): I did not say you could have done anything.

Mr. MOTHERWELL: Then what is the use of chewing the fat about it?

Mr. DONNELLY: The minister says that it was under Liberal rule that we lost our market for cattle. Anyone who knows anything about raising cattle in western Canada knows that there is only one market for cattle, and that is the United States, and that market was lost in 1911 when the Conservative party defeated reciprocity. There is no doubt about that. Anyone who knows political history knows that that is when we lost our market. More than that, the American government kept the terms of the reciprocity pact open for our acceptance up to 1919, when we had a Conservative-Union government in power, and it would not accept it. After that government went out of power and a Liberal government came in here, we had a Conservative government in office across the line. Now we have a Democratic government in office across the line which is willing to give us a measure of reciprocity, and our government here says that we are going to have reciprocity. What I want to know is why we are not having it. Why is this government not doing something about it? They have told us for the last two or three years that they are negotiating with the United States for reciprocity, but it is just another promise like those they made five years ago. We all remember the wonderful things that they were going to do then. The farmer was going to get wonderful prices for his eggs and butter and wheat, and there was going to be heaven on earth, but it has turned out just the opposite. The farmers have learned what this government and its promises mean. It was not long after this government was in power that our farmers realized how little its promises meant, and it is the same with all these stories that you are telling them now of the wonderful things you are going to do for the farmers. To find out what the farmers think of this government and its promises all you have to do is to go out in the country and ask them how much money they have saved, to put their hands in their pockets and feel the money that the Conservative government has saved to the farmers. The farmers will soon tell you: That money is not here; if you have saved any, it must be some place else in the country. They know that they have not got the money. They know that the packers or someone else got it, and not the farmers throughout the country. And when any of you come out and tell our people of these reforms and the great things you are going to do for our farmers by regulations of this kind, I say it is just so much balderdash so far as the farmer is concerned. He does not believe a word of it, and he is only waiting a chance to tell you what he feels about it.

Mr. KENNEDY (Peace River): I take issue at once with the statement of my hon. friend from Willow Bunch (Mr. Donnelly) that there is nothing in regulation of this kind. I do not know that there was anything done by the former Liberal government in

connection with a product that helped that product more than the grading of eggs. We all know that the regulations in regard to egg-grading which were established by the Liberal government when it was in office were of tremendous assistance, and how on earth the hon. member who has just taken his seat can argue that regulations of a similar sort such as we have here for the grading of beef or meats can be of no benefit to the farmers of this country is amazing to me. I do not know that I am willing to give credit or blame to any government for all the ills or benefits that have come to agriculture during a period of years, but I am sure of this, that there is a desperate need in this country for the grading of meats and I think the grading of cattle as well. I am fond of beef but I hardly ever eat it when I am away from home because I am tired of chewing shoe leather, and I have good teeth at that. I think it is the greatest mistake for anyone to get up and say, when the government is attempting to put through legislation that will guarantee that the consumers of this country will receive the quality product raised on the farms of this country, that that is of no value to the producer. It is of tremendous value, and every step that has been taken along this line by a Conservative government or by a Liberal government has been all to the good both for producers and consumers.

I would like to ask the minister, while I am on my feet, what provinces have been cooperating with the dominion government in connection with the red and blue label grading. I understand when that was put into effect it was necessary to get the cooperation of the provinces, and I was wondering just how many provinces have entered into an agreement with the federal government in connection with the matter.

Mr. WEIR (Melfort): My information is that they are cooperating in all the provinces. They do not require any enabling legislation for the grading of beef up to the present time because it is purely a voluntary matter.

Mr. KENNEDY (Peace River): Does the minister think that he has sufficient power under this section and the amendment to the Live Stock and Live Stock Products Act to enable him to cooperate thoroughly with the provincial governments which are willing to cooperate for the grading of beef within the provinces as well?

Mr. WEIR (Melfort): I believe so, yes. If the province of Ontario wishes to establish grades for their beef we can protect them against beef coming in ungraded from other provinces, and that will give them full control this far, that no beef within that province can be sold except in accordance with their grades. It really gives them full power.

Mr. KENNEDY (Winnipeg): The hon. member for West Edmonton (Mr. Stewart) took exception to my reference to the large percentage of domestic consumption of live stock products. I was merely quoting figures which were absolutely authentic, secured from the bureau of statistics. He may not have liked to hear them but that is his own concern. I would also call the hon. gentleman's attention to this. Those who, in season and out of season, have claimed that the Ottawa agreements have not been beneficial, with reference to the export trade, would do well to look at a statement that appears in this morning's Ottawa Journal by Sir Francis Floud, British High Commissioner, made at Hamilton yesterday in discussing Canada's exports to Great Britain. He is reported as follows:

> Canada had received far greater advantages from the Ottawa agreements than the United Kingdom, Sir Francis said, in appealing for a greater share of trade.

Every farmer in this country knows what that has meant to the Canadian hog industry during the last few years.

Mr. MacLEAN: Last season in our province there was put into effect a certain regulation —I do not know whether it was a dominion government regulation or not—which prevented the shipment out of the province of dressed pork. Under that regulation the shipper was compelled to ship his dressed hogs to the packing plant at Charlottetown. A great many of the merchants and dealers there have been in the habit of buying dressed pork from the farmers and shipping it to Saint John, Halifax, Montreal and other points; but under this regulation they were not allowed to ship dressed pork out of the province. Of course, the dealers, the farmers and everyone else were up in arms over this regulation and it was lifted. I would ask the minister whether he has any knowledge as to how that regulation came to be put into effect, whether it was a departmental regulation from Ottawa or some local regulation which the packers were able to have put into force there.

Mr. WEIR (Melfort): The question does not come under the Live Stock and Live Stock Products Act—that is to say, the regulations that control the movement of products. At one time, about a year ago or perhaps a little more, but at any rate up to that time, the three maritime provinces were considered by

the health of animals branch inspection department as one area, and under the regulations of that branch the interprovincial movement of meats was prohibited except as processed in plants that had been approved by the officials of the health of animals branch. The three provincial governments requested that there be a change and that rather than being dealt with as one area they should be dealt with separately. The federal department conformed to their wishes because we felt that it was only fair to do so. Some complaints have been made with respect to the working out of this arrangement, and later at the request of two of the provincial governments the regulations were rescinded. That does not come under this act but under the health of animals branch regulations.

Mr. MOTHERWELL: I am a little bit concerned about these packers' yards. If things keep on the way they are now going it looks as if we shall have nothing left but packers' yards. I remember when it was my privilege to have charge of the administration of this act. We featured strongly the building up of stockyards where both buyers and sellers could assemble in fairness under proper regulations, where butchers, feeders and packers could go to buy and others who had to sell could go to sell, both groups meeting in a common market. As pointed out in the commission's report, in recent years, since the truck has been introduced, it has been a great convenience to both seller and trucker to go direct to the packing plant. If that is to continue and we are to eliminate the stockyards—because I do not see how we can maintain them both; there is not enough turnover—there must be some radical change in the packing plants before they can be put on a parity with the stockyards as to weights and grades. The great value of the stockyards, in addition to the features I have enumerated, was that you could get government weight and grade, and that means a good deal because it determines to a large extent the price. But in the packers' yards, unless the government establishes public weighing, and I do not know whether that is intended or not, they are at the mercy of private weights and private grades, except in regard to hogs. I believe we have hog graders in the packers' plants.

Mr. WEIR (Melfort): Yes.

Mr. MOTHERWELL: But outside of hog grading the rest is graded by the packers themselves. So that unless these packers' yards give us great safeguards to the farmers as to weights and grades as the stockyards, they will be out of luck and the first thing we know there will be no market at all as far as stockyards are concerned, especially if the trucks keep multiplying as they have been. What value are these packers' yards to the producers unless you have official weights and grades?

Mr. WEIR (Melfort): That is the purpose of this. I agree with the hon. member as to the difficulty with which the department has been confronted in trying to maintain stockyards as they have been built up, to give the very best service and at the same time not to impose any unnecessary hardship on farmers and cooperative societies who felt that it was more beneficial to them as individuals or groups of individuals to ship direct to the packers, thus obviating certain charges. On various occasions the federal department has been petitioned to establish in the packers' yards the same services as in the stockyards, but the objection to that was felt to be that if we did establish the same services in the packers' yards—that is, compulsory weighing and reporting, and in addition to that competition, where there would be buyers the same as in the public stockyards—we should be virtually giving the same service in the packers' yards as in the stockyards, and there would be no reason why the stock should go through the stockyards For that reason this part of the recommendation received very serious consideration. There was no lack of appreciation of what was in the minds of the members of the commission when they made the recommendation. It was felt that it might defeat the end which they were endeavouring to reach. The hogs going into the packers' yards are inspected exactly the same as in the stockyard. Cattle are not inspected in either case. But the purpose of this is so that we will be able, if necessary, to protect the farmers with certified rates, and also that there will be available to the public through the officials of the marketing branch of the Department of Agriculture prices paid for hogs delivered directly to the packers' plants themselves, so that in this we have met what the hon. member for Melville feels is desirable and at the same time we have avoided doing that which we felt might be more destructive to the stockyards themselves.

Mr. GARLAND (Bow River): I have followed the discussion so far with some interest, and I am not at all convinced that the minister is meeting the difficulty in the proposal he has made. I notice the report builds up a very strong case showing how the packers manipulate their prices through the handling of direct shipments by truckers. Having

built up that evidence, they then quote the Hon. Mr. Mackenzie, Minister of Agriculture of Manitoba, at page 163 of the report as follows. He is asked the question:

What effect would that have upon the industry?

And he answered:

Absolutely disastrous to the producer.
Q. Why?
A. Because it would eliminate the only competitive market he has.
Q. But the loss of the public stockyard you think would be a calamity to the industry?
A. Absolutely—I have no hesitation in saying that.

On the next page the report then recommends:

That all shipments of live stock should be made to the public market where reasonably possible, to give all buyers an opportunity of competing for them, and to prevent direct shipments being used as a club in the hands of the packers to break down prices on the public stockyards.

I would like to know what steps are being proposed in that regard. How is the minister going to control direct shipments? What provisions is he going to apply? What regulations? While I am on my feet I might as well continue my criticism of this part of the report. At the bottom of page 164 I find the following passage:

While the number of commission firms operating on any market from a competitive selling force, there seems to be no doubt that there is a heavy duplication of effort upon the part of these numerous firms, thereby adding to the expense of marketing, to the injury alike of the producer and the commission agent. For example, the evidence disclosed that at Toronto it costs the firms operating there $20,000 per year in the aggregate, to maintain representatives at the gate soliciting the business of various truckers who come to the market. It costs another $20,000 for disseminating information as to markets over the long-distance telephone, a service which is largely duplicated to the same people by various firms.

Then this is evidently the recommendation of the commission:

The licensing of commission agents directly by the dominion government and a clear definition of their responsibilities would be a step forward. The number of agents operating on a yard could then be controlled.

I would like the minister to tell the committee just what are the intentions of the government in regard to those points—direct shipments, the continuation of packing yards in competition with public stockyards and the licensing of commission agents.

Mr. WEIR (Melfort): There is power at present within the Live Stock Act, section 8, subsection 4, which reads:

[Mr. E. J. Garland.]

The minister may require a live stock exchange operated under this act to adopt new by-laws, rules or regulations, or to amend such by-laws, rules or regulations as may be in force in such manner and to such extent as he deems necessary.

That covers licencing and there is power in that regulation to deal with the majority of those problems. I am and have been decidedly inclined to think that in some of these stockyards there are more commission firms than are necessary to do the work and at the same time give competition in purchasing. There is now power within the act to change the charges of those commission firms. Before this commission sat, the Department of Agriculture had taken steps to insist upon a reduction of the commission men's charges. Some of the commission men complied voluntarily with it; others did not, and the objection raised was that because the whole matter was under investigation by the committee on price spreads and mass buying and later by the royal commission, it should be delayed until this report had been submitted and a decision made as to what action should be taken. That is why the matter was not forced, but the hon. member for Bow River will agree with me that the ideal condition would be for all stock to go through the stockyards, which would make the cost a minimum, and that there should be only sufficient commission firms to give the necessary competition.

One of the difficulties in passing all stock through the stockyards is of a practical nature. For example we have a number of processing plants away from localities in which there are public stockyards. We purpose making an investigation and it will not take long to do it, because we have practically all the information on hand. When the report is in, we intend to decide what reduction we feel will be warranted with this implementing of the recommendations of the commission to enable commission firms to carry on with a profit but not to take undue remuneration for the services that they give to the farmer. But to make all stock go through the present stockyards, or to set up sufficient stockyards to make their service available to those various plants, it was felt would be perhaps starting something that might not be used if the livestock producers of the dominion take advantage, as we have every reason to hope they will, of the Natural Products Marketing Act, because they as producers themselves will have it in their own power to bargain with the packers and any other purchasers for direct shipments. At the same time, if they wish, they will have all their bargaining

power before the live stock leaves the farm, though they might also decide to sell their cattle on the basis of grade on the rail, the same as hogs. To show how the farmers realize the importance of rail grading as being the soundest grading in connection with hogs, an experiment was made a little over a year ago to make it available to farmers at certain Canadian plants, namely Peterborough and Stratford so that they could have their hogs graded voluntarily on the rail if they so wished, and at the same time those who did not wish that might continue to receive the service of our grading in the public stockyards. The result has been that during the last year, although this is purely voluntary, more than 90 per cent of the farmers have asked that their hogs be graded on the rail. That has been so satisfactory that we have had demands to extend it. We have been asked to start the same practice in western Canada, and demands have also been received from eastern Canada. This week we are starting grading on the rail in plants in western Canada. If that continues to be as satisfactory as we hope it will it might be possible that the live stock men themselves, if they were organized as a body, would prefer to ship directly to the packing plants with a price set in advance on the basis of the grade or quality of the product when it was graded on the rails by independent graders. I may say for the assurance of the hon. member for Bow River (Mr. Garland) that we believe that with the small amendments we have introduced, together with the power we have under the Live Stock Act of changing our regulations, we have sufficient power to deal with the whole situation.

Mr. GARLAND (Bow River): I am glad to hear that the minister has all the powers necessary under existing legislation. May the committee be assured that the minister proposes to exercise those powers, and, for example, to license commission men? I ask that first.

Mr. WEIR (Melfort): They are licensed through the exchange at the present time. We believe that we have the power to license them directly, and in effect to do away with the live stock exchange. But it is believed that if we could achieve the same purpose without wiping out the live stock exchange it might be desirable, because the exchange performs a service that it would be difficult for the department to perform. But I can assure the hon. member that nothing will be left undone to give effect to their recommendations in the interests of the producer.

Mr. GARLAND (Bow River): Then I understand that part of the recommendation is not going to be carried out at the present time? The minister is still going to permit the commission men to be licensed by the exchange.

Then what about this question of shipment of live stock direct by truckers? The recommendation in that regard is in my opinion most important. If direct shipment is to continue it is going to be, as the hon. member for Peace River (Mr. Kennedy) said disastrous to the market, to the producer. Packers are not going to be easily regulated, I have no information of any country yet that has been successful in regulating a private monopoly, and the packers are shown by this report to be operating a private monopoly. Unless the minister takes his stand in this matter to legislate religiously in accordance with the report, I am afraid all his efforts are going to be futile. He suggested that I was in agreement with him as to what can best be done. I share his opinion that the producers must themselves undertake cooperative organization, and I think they have opportunity to do that under the Natural Products Marketing Act. I am sorry that they have not succeeded so far in establishing a nation wide scheme in regard to live stock. But even that is not going to settle this problem. As long as the price depends upon an export surplus, or may be affected by it, it is still going to require governmental action in the event of the price level falling below cost. If the minister really wants to know what I think about it, I think we should have our packing plants owned as public utilities, or cooperatively. Until the producer is in a position, both in intelligence and in finance, to take over and operate them cooperatively I think they should be operated as a public utility. I would ask the minister to turn to page 146 of the report and he will find what my opinion is after that stage has been reached.

Mr. ILSLEY: Does the hon. member mean that the government should operate them directly?

Mr. GARLAND (Bow River): A public utility.

Mr. ILSLEY: Well, that may be publicly or privately owned.

Mr. GARLAND (Bow River): My hon. friend knows something about public utilities.

Mr. ILSLEY: Yes, so I am wondering what you mean.

Mr. GARLAND (Bow River): At page 146 of the report we find the following:

> The price received for this exportable surplus, however, under present conditions becomes the basis of the domestic price; one result of which, during the last few years, has been extremely low prices for agricultural products in Canada. These prices, indeed, have often reached a level far below the cost of production.
>
> This means that the agricultural population, which constitutes a large proportion of the total population of the country and consumes large quantities of manufactured goods, has had little or no buying power. This, in turn, has restricted the consumption and hence the manufacture of manufactured goods.
>
> If the necessity for increasing the farmer's buying power is admitted—

And I presume the committee is prepared to admit that.

> —and if world conditions prevent this being accomplished by international action, the question arises whether domestic prices are to continue to be controlled by the price of the small exportable surplus. The alternative is to maintain a domestic price, if necessary by governmental action, in keeping with the domestic cost of production and allowing the exportable surplus to get what it can.

I am strongly in favour of that implied recommendation of this committee. I submit to the minister that if he really is looking far enough ahead in the matter he will be now organizing his department for the purpose of operating the packing concerns of this country as public utilities. In my opinion it is a crime that we should leave them in the hands of a few exploiting concerns—two in fact, seventy-eight per cent of the business being controlled by them, and they having power as a result of that to swindle flagrantly and brazenly the poor devils who are working to produce the real wealth of the country. It is time some direct action was taken in regard to that.

Mr. WEIR (Melfort): In reply to the hon. member's suggestion that this industry is in the hands of a combine, if we take that for granted for the sake of argument—

Mr. GARLAND (Bow River): It is contained in the report, no one has to take it for granted.

Mr. WEIR (Melfort): My fear in that connection is that if all live stock were forced through the stock yards in Montreal for example, we know that it could not be held for any considerable length of time in those yards, live stock being in almost every sense a perishable product, and so under those conditions, if there was no competition in buying, as there would not be with a combine, the producers would be more than ever in the hands of the combine. It was because of that fear that we resolved to make it possible for the producers to organize so that they would have the whole volume of the product behind them, and in that way they would be rather the masters than the servants in setting the price.

Mr. BEAUBIEN: A monopoly on the other side.

Mr. WEIR (Melfort): A monopoly of a different kind. Also they would be in this position, that by making a small levy, or by whatever means would be devised, they could take care of the small exportable surplus and prevent it having a disastrous effect, as I think we all agree it has now, on the domestic price. The only difference between the hon. members' opinion in that connection and my own is this: I feel that those people who have built up a very successful business are particularly anxious to give the best service that they can, and if the producers were organized to have control of their own product I am sure that they can find common ground with the people who are now in charge of the processing. They would be able to negotiate with them in a very different way, and would have a very different respect for them if they realized that they had power to put into effect what they wished to put into effect. This is a large question, but we have given serious consideration to the recommendations of the commission, and no time is being wasted.

Mr. GARLAND (Bow River): For fear the committee may not quite have understood the character of this monopoly it may be necessary to give one or two quotations from the report itself. At page 55, dealing with the meat packing industry, I find the following, referring to the Swift Canadian Company and Canada Packers Limited:

> It may be fairly stated, therefore, that these two companies dominate the industry. Their buying and marketing policies affect their smaller competitors and largely determine the operating methods of the industry. A proper appreciation by the managements of these companies of their responsibilities to producers and consumers is manifestly of supreme importance.

On the following page we find:

> The manner in which these results—

Referring to profits.

> —have been achieved has a direct relation to the monopolistic character of the structure of the industry.

That is clear enough. Then again at the bottom of page 56 I read:

Further reference will be made to the profits of these companies, but we should here consider the view expressed by the president of Canada Packers Limited, of the relations of the industry to producers and consumers. This witness summed up his estimate of the situation as follows:

"The total live stock is sold for the total sum, whatever it is; from that sum is deducted the packer's expense and the packer's profit and the farmer gets the balance."

According to the president of Canada Packers the farmer gets the leavings, if there is any balance left, and in recent years there has been no balance. At the top of page 57 there is a further paragraph dealing with the opinion of this witness, and the thought of the commisison in that regard is contained in the last two sentences:

We cannot, therefore, escape the conclusion that the continued prosperity of Canada Packers Limited during the depression bears some relation to the enjoyment of relative freedom from competition. That the inadequacy of such competition has operated to the detriment of the primary producer seems evident.

That establishes clearly the monopolistic character of this industry, and since it is a monopoly which affects the well being not only of the consumers but of a most important body of producers it is obvious logical to accept the suggestion that it should be either publicly owned or, as I personally prefer, owned by the producers themselves. If the minister could only give the producers some real encouragement and financial assistance in order to enable them to take over and operate these packing plants in the interests of the country it would meet every objection I have, but until he does that he is not even touching the problem. You cannot regulate a private monopoly; it has not been done successfully anywhere. All the anti-trust laws of the United States were successfully evaded, and trust and combine conditions in that country are as bad as if not worse than they were previously. So it will remain under private ownership of monopolies in this country.

Mr. SPROULE: When the minister speaks of the grading of hogs on the rail, are those grades marked, whether they are butchers or what grade they are? Is that done also with lambs? Do they brand them so that the consumer can see the grade and whether $2 has been taken off or whether it has not?

Mr. WEIR (Melfort): There is no grading of lambs on the rail. There is grading of hogs on the rail, and they do carry the identification mark of the producer, so there is returned to him the premium to which he is entitled according to the grade, bacon or select. The way that works out is best illustrated by the fact that ninety per cent of the farmers in areas where this grading was started on a voluntary basis asked for that rather than the other method, because they feel they are getting paid for their products on the basis of quality.

Mr. SPROULE: I do not think the minister quite understood my question. I quite understand that the farmer has the right to ask with regard to the grade, but what about the consumer, the man who goes in and buys the meat? What right has he to ask what price was paid for the hog? I understand that the packers take a dollar off a light hog and two dollars off a butcher hog and so on. Has the consumer any way of knowing the price paid for that hog?

Mr. WEIR (Melfort): It is not graded to the consumer. We are now making provision so that if a province wishes to grade for domestic consumption within that province we can protect them by preventing ungraded meat from being shipped to that province. The federal government has no control over provincial matters, of course, and the grading for domestic consumption is a matter entirely in the hands of the provinces.

Mr. SPROULE: I appreciate this information, because I am very much interested in this matter. One thing is certain; the producer is the man who pays the shot; he is the man who has to pay the $2 or $1 or whatever it may be. My understanding always has been that these animals were not branded, so that when the consumer went in to buy meat he had no way of knowing what the hog cost or anything about it. It seems to me they should be branded so that the man who buys the meat can have some idea of what it cost. The packers always have had the right to take off so much a head for condemnation. I am not prepared to say whether or not that is legal; possibly the minister can tell me. I know in connection with the stock that goes across the border there are no restrictions of that kind at all. Perhaps that practice is legal; possibly it is not, but I should like the minister to tell me.

Mr. WEIR (Melfort): The hon. gentleman has reference to condemnation insurance?

Mr. SPROULE: Yes.

Mr. WEIR (Melfort): The question of condemnation insurance has been investigated

many times, and in that connection there are two opinions. Those in areas where the condemnation insurance is high feel that it is the best protection they can have, and that if there were no condemnation insurance deducted the tendency on the part of the purchaser would be unduly to depress the price in order to protect himself. On the other hand in some areas from which a good deal of our beef cattle comes, where disease is not prevalent, they feel that this should be wiped out altogether. I believe the records show that the condemnation insurance does not actually take care of the losses in that connection.

I omitted one point, the question of whether or not this is legal. This whole matter has nothing to do with legislation or regulation; it is simply an agreement that has been arrived at between the purchasers and the producers. The only part played by the federal department is really to be the third party witnessing that agreement.

Mr. SPROULE: I never heard that the packers ever asked where live stock came from; apparently the condemnation insurance is taken off anyway.

Mr. WEIR (Melfort): The packer does not need to know, but if that agreement were broken he would have to take that into consideration.

Mr. SPROULE: The minister said the losses were not covered by the amount deducted. Possibly I am wrongly informed, and I presume the minister would be in a better position to know, but I have been told that a good deal more has been taken off than the packers have had to put up. This is something that is not done in the United States at all. A good deal of Canadian stock goes to that country, but they never ask anything about it. When you take your stock there they do not say, "Well, these come from such an area; very likely some of them will be condemned, and we will have to take off five cents or ten cents a hundred." From what the minister has said there is one thing certain, and that is that the consumer does not receive the benefit of the amount deducted. If the packer deducts $2 from the price of lamb which is not branded he is just that much ahead. The same condition would apply to hogs, $1 being taken off a certain grade and $2 off the heavy hogs. If the meat is not branded the packer is the winner.

Mr. SPENCER: I understood the minister to say that condemnation insurance arises as a result of an agreement between producer and packer. That is news to me. Who made the agreement for the producers?—because it is my understanding that this matter is arbitrary on the part of the packers.

Mr. WEIR (Melfort): I am informed that my former statement is correct. This very point has on various occasions been discussed with representative producers organizations. If they feel it would be to the advantage of the producers as a whole to remove the condemnation insurance I am quite sure the packers would be willing to do so. At the present time however if any producer wishes he may ship his stock to the packers with the understanding that there will be no charge for condemnation insurance, and that he will stand the loss on any carcass unfit for consumption.

Mr. SPENCER: He has that option?

Mr. WEIR (Melfort): Yes.

Mr. KENNEDY (Peace River): I should like to speak about another point closely related to a discussion of packers' yards, namely, the grading of live cattle. Is it the intention to grade live cattle?

Mr. WEIR (Melfort): At the present time it is not the intention unless there is a demand from producers' organizations. If any organization desired to have certain animals at the bottom of the class, tail enders, set aside as being injurious to the trade, that could be done. Such action could be taken in the event of a submission by the producers.

Mr. KENNEDY (Peace River): I believe we should have live stock grades because not all cattle are sold through stockyards. It may be sound to argue, as is contended in the minority report, that commission men can grade cattle fairly well. But I say the livestock yards have a function in addition to that of the selling of stock by commission men to packers and other buyers, that is they establish standards. Other sales throughout the country are to a great extent based on the records made in and published through the stockyards. A considerable percentage of cattle is sold direct. My conviction is that the average farmer who sells is not a very good judge of cattle, but if he had a check in the nautre of a grading system he could check the price he obtains for his live cattle not being sold through the yard against grades in and prices paid at the yard.

This is one of the great advantages of records in connection with live hog grading, and at least to some extent I believe it to be necessary in connection with cattle.

Mr. WEIR (Melfort): We have authority to do that.

Mr. KENNEDY (Peace River): The minister's position is that if live stock men demand it—

Mr. WEIR (Melfort): Or it might be done without a request on their part.

Mr. KENNEDY (Peace River): I should like to ask a question about truckers. What is the significance of paragraph (n)? I can read the words, but I should like to have an explanation of them.

Mr. WEIR (Melfort): Formerly we had a definition of a public commercial vehicle, but not of a trucker or the operator of a truck. The definition has been inserted so as to have more control over truckers.

Mr. YOUNG: What control is contemplated?

Mr. WEIR (Melfort): To require them to furnish security when they are handling funds. There have been some losses in western Canada, and we wish to bring truckers in every way under the control of the live stock legislation.

Mr. YOUNG: The first part of the explanation is all right, but I do not understand what the minister means when he talks about bringing them under control. I should like a little more light on that.

Mr. WEIR (Melfort): It may be desired to have control so that they would have to submit a bill of lading indicating the ownership of the animal and that such animal will be sold according to the instructions issued by the producer.

Mr. MOTHERWELL: I know of only one way of furnishing security, and that would be by a bond. Will truckers be bonded?—because they will be handling large amounts of money belonging to producers.

Mr. WEIR (Melfort): If they handle money other than their own they may have to furnish a bond.

Mr. MOTHERWELL: They have not been doing that in the past?

Mr. WEIR (Melfort): No.

Mr. SPENCER: Will truckers be allowed to buy stock outright?

Mr. WEIR (Melfort) They cannot be prevented any more than we could prevent drovers doing the same thing, under present arrangements.

Section agreed to.

On section 3—regulations.

Mr. KENNEDY (Peace River): What is the significance of the expression "for voluntary application only"? Who will undertake to ask for it?

Mr. WEIR (Melfort): If without passing legislation a province wishes to get some information on which to base contemplated legislation it may ask for voluntary grading of domestic meat, and this gives us authority to do it.

Mr. KENNEDY (Peace River): It would not be made by butchers or packing plants handling a product, but would be a request by a provincial government to enforce regulations within a province?

Mr. WEIR (Melfort): Yes.

Section agreed to.

Section 4 agreed to.

On the preamble.

Mr. KENNEDY (Peace River): I should like the minister to give us a statement with respect to the whole bill and the recommendations of the commission indicating what powers will be in the hands of the minister, after the passage of this bill, which would enable his department to implement the recommendations of the commission?

Mr. WEIR (Melfort): Department officials believe that with these amendments to the Live Stock and Live Stock Products Act together with other legislation on the statute books every recommendation the commission has made, with the exception of providing a live stock board, can be made effective. We believe that with the present legislation we may accomplish what it was believed would be accomplished by a board.

Mr. KENNEDY (Peace River): I do not suppose it will be possible simply to apply immediately all the legislation and regulations. For instance, there is the question of the grading of live cattle. But the minister has indicated it is the intention to go ahead and through this legislation bring about that which has been suggested in the recommendations.

Mr. WEIR (Melfort): Yes, as already stated.

Mr. KENNEDY (Peace River): I should like to say a word about the live stock board. The Ottawa agreements in my judgment, combined with the restriction of imports into Great Britain, were of tremendous advantage to the hog producers of this country. Even

if we had a surplus of only ten per cent or thereabouts it was necessary to find a market for it under the conditions existing in this country. Of wheat we had a very large surplus, but through government intervention and assistance, with the cooperation of the grain pool and through Mr. McFarland's efforts, wheat has been bringing to the farmers of this country, notwithstanding the tremendous surplus, a return much nearer to the cost of production than we have had in the case of cattle, for instance. I would say roughly that wheat has been bringing the farmers of western Canada from eighty to ninety per cent of the cost of production. Hogs, as a result of the Ottawa agreements, have been bringing easily the cost of production and maybe something better. But there was deliberate government intervention, by the Canadian government and the British government through the Ottawa agreements, in regard to the hog situation. There was the same thing in connection with the wheat agreement, and we had a very bad situation there.

The cattle situation is very bad. Cattle were selling until recently for about three cents a pound to the farmer. They were bringing more, from 4 to 4½ and 5 cents, in the stock yards, but to the farmer the cost of production is certainly close to five cents. There was a very small exportable surplus, less than in the case of hogs and much less than in the case of wheat, and yet the price in relation to the cost of production was relatively far lower. That in my judgment is an illustration of the value of reasonable government intervention, and one of the reasons why I at least wanted to see a board established was because of our experience with regard to wheat. I have had the opinion that the various branches of the live stock department were somewhat scattered, but a commission of a few men, either inside the department or any way you like to organize it, would have its duties definitely defined and it should be held directly responsible for the carrying out of those duties. It could be organized in various ways. It may not be necessary to call the board a commission or to call the people who are saddled with this responsibility commissioners, but I believe that something of this sort is necessary. I believe that there is need for something to be done because of the delicate situation with regard to the surplus of cattle in this country. It is a small surplus. The chairman or president of Canada Packers made a statement when he was before the commission and it simply meant this, that because we had a surplus of ten per cent of cattle, 100,000, the price was down from three to four cents below what it otherwise would have been.

Mr. McGIBBON: How much would it take in money to buy up that surplus?

Mr. KENNEDY (Peace River): Not a very great deal.

Mr. McGIBBON: Can you give me any idea?

Mr. KENNEDY (Peace River): They would be worth about $50 a head, and the surplus was given as 100,000. The United States market has opened up and I have given you Mr. McLean's estimate of what the prospect of the export of our surplus of cattle of 100,000 would mean in higher prices to the producer in this country. There are other factors that enter into the situation.

Mr. BROWN: How long would the surplus remain at that point if you paid that price?

Mr. KENNEDY (Peace River): I am not arguing that. I say that I can see no reason why the farmers of this country and the government should not be able to do something with regard to that ten per cent surplus, which had the effect of causing the price to drop fifty per cent. We have heard all sorts of theories advanced for the salvation of this country, and I believe in a good many of them, but unless we can correct to some extent the prices received by the primary producers in relation to the prices received by the secondary and other groups of producers in this country, I do not believe that any policy will save this country. I believe it is necessary to correct that situation. I believe it is necessary to have an organization in this country to study the matter and to watch it very carefully. We are out of the British market to some exent, if not altogether, because of the exports of the United States, and nobody yet knows whether that is a permanent export or not or whether something will happen, something that others may do or that may depend on natural and other conditions in other countries, to bring about the conditions of 1923 or 1929.

The favorite policy of most people is to expand the markets in order to absorb the surplus. What if we cannot do that? There is no guarantee that we can do it, and I think that the recognition of that fact at least implies that if we cannot expand the market we ought to reduce the supply. I believe it can be done. I do not believe in scarcity, but I do believe that with reasonable conditions in agriculture you have to balance your

supply with your market within reasonable limits. That has been attempted I believe with a good deal of success with regard to wheat, and certainly with regard to hogs and hog products in the British market, and we are a party to that scheme. It may be possible to do something with the present set-up in the Department of Agriculture and the Department of Trade and Commerce but I think that the question should be definitely studied and definitely placed before some officials who at least will do what they can to study it and try to get cooperation from the organized farmers throughout the country and scattered producers to try and stabilize the price.

My hon. friend from Weyburn (Mr. Young) was on the commission and he recommended that it might be necessary to reduce the surplus. He wants to do it by ruthless economic law. Well, that is his opinion and I respect it as his opinion, but I cannot see any reason why if a thing must be done we should leave it to ruthless economic law if we can do it by intelligent methods, and the application of human sympathy to the situation. The whole progress of human society in my judgment has taken place through the exchange of intelligence and sympathy and humanity for ruthless economic law and rugged individualism.

I want to say a few words in regard to the hog situation. We want someone who is in a position to insist that there will be the most rigid application of approved methods and that grading be applied to our bacon exports to Great Britain as it has been applied to hog raising in the Dominion of Canada. The hog grading system and the hog grading regulations have done a very great deal for the hog industry in this country.

It was stated by the president of Canada Packers, Mr. McLean, that there was a lack of confidence between the farmers and the processors. That is so. I believe that if we could convince the farmers of this country that there should be applied to the bacon exported to Great Britain, where our standards are set, the same rigid requirements as are applied to live hogs, a great deal would be done to remove some of the misunderstanding between packers and farmers. Of course the packers have their problems just as the farmers have theirs, but everyone representing the packers, everyone representing the primary producers and, I think, the government officials who came before us, admitted that there had been going into the old country bacon of a grade that should not have been exported—certainly bacon that was not beneficial to Canada. Every effort of this department, of the live stock board set up, and the boards representing the primary producers, should be directed to the fixing of a standard of bacon the product of select and bacons only and this bacon should fix the price of bacons and selects in Canada There is a dispute with respect to the lower grades, but there is definite evidence by one of the packers that in the A grade there were not only selects and bacons but heavies and lights. I do not think you can satisfy the hog producers of this country if hogs that are brought on a differential go into the grade that sets the price for bacon and select hogs in the dominion. It is for that reason that I recommend the setting up of a live stock board.

The problem of the organization of cattle marketing in this country is to endeavour to get the farmers a decent price, and that is a very important matter. Important also is the problem of maintaining the confidence of the live stock producers in marketing methods so far as the British product is concerned. The permanent prosperity of agriculture depends on live stock. We have heard a good deal about grain mining, and whether or not it is a just phrase to use in connection with grain farming, we all know that any country which has continuously produced grains has usually had to quit that system and go in for mixed farming, where there is live stock and particularly cattle. I do not think there is any country in the world that has done more in the same number of years to improve its live stock than some of the ranchers in Canada have done, and the plight in which they have found themselves in the last five years has been desperate. Because of its importance to the national economy, because of its importance to the continued welfare of agriculture, I believe that a deliberate effort should be made to deal with any future problem of surplus in at least as effective a way as was done in regard to the wheat problem of this country.

Mr. WEIR (Melfort): With reference to the remarks of the hon. member for Peace River, I agree with him one hundred per cent: there can be no permanent prosperity unless the efficient primary producer receives a profit for his labour over and above cost. The problem of a small surplus and its effect on the domestic price is perhaps the most depressing factor, but to deal effectively with that problem except by direct bonus has been felt to involve taking control of all the product. The organized producers themselves, especially the producers of live stock, have stated emphatically that in their opinion

not only must steps be taken to take care of this small surplus but that the industry itself should carry the load; and they have made very considerable progress towards forming an organization among themselves by which to a certain extent they can get rid of this small exportable surplus. In their work in this direction some might have considered their progress to be rather slow, but because of the number of people involved and the different opinions expressed it must of necessity be slow. We are informed, however, that three of the provinces in the west at least have brought their ideas into line to such an extent that they believe they will be able to combine that one large area into one organization, or at any rate to have three organizations cooperating as one. Ontario has also taken steps to deal in some way with the surplus which at one time was going to the united kingdom market, and the fact that they did go as far as that shows that the live stock dealers in the province are very much alive to the danger of this small surplus. The producers feel that a solution is possible, but they think that the industry itself should carry the load, and they have every hope now that in the not distant future they will themselves be able to cope with this problem. They may have their own live stock board and in addition there will be available to them the services of the officials of the department. One thing more than anything else which the officials in the live stock branch have been concerned with during the past few years has been the problem presented by all the difficulties and the obstacles in marketing.

In connection with bacon grading for export, a recommendation has been made by the price spreads commission that only graded and select hogs should be allowed to go into the product exported. About a year ago it was decided that definite grades should be set up in connection with bacon that was being exported from this country in order that we might overcome some of the criticism that had been made, to the effect that much of our bacon was not a credit to the Canadian people and had a detrimental effect on other prices obtained for the rest of the bacon in the old country. This has proved to be a difficult matter, especially considering the varied feeds used and the varied conditions that exist from one end of Canada to the other; it has been considered difficult to set definite standards in connection with bacon for export in view of these circumstances. It was felt at one time that only the top grade should be sent over, that a selection should be made of the best bacon processed and that this only should be exported. But those in the best position to advise, not only those personally interested but others as well, claimed that if we set a top standard only and set it too high there would not be sufficient of our bacon going into the United Kingdom to supply the demand that might be created for it. The endeavour was to hit a happy medium so that a sufficient quantity would go forward to meet the demand and at the same time as far as possible not be detrimental to the reputation of Canadian packers.

There were three grades established first. They have been carefully checked on this side and also on the other side in the reception they have received from consumers in the old land. After some time the three grades were cut to two, and now only two grades are going forward. On the basis of putting in selects and bacon that would be graded, say on the hoof, there would be no assurance that they would give the best finish, because the quality depends on the finish, and that cannot be told by those who would grade the hogs on the hoof. That is one of the difficulties in that connection. As to grading on the rail, with our complete control of bacon going to the United Kingdom, only the top bacon can be exported; I do not mean the very top selects, but bacon and selects.

The hon. member will remember a letter I showed him this morning in this connection; it was a confidential letter and cannot be read into the record of the house. About a year ago we sent over a man who, we felt, was eminently qualified to check the quality of our bacon and its reception in the United Kingdom, after having visited packing plants in Canada and being fully conversant with government machinery and the department on this side. He was not sent to a position in England, because he is still on the staff of the Department of Agriculture in Canada, but to make confidential reports. The value of his work has been much greater than we even expected when he went over, because by his manner and tact he has had a very fine reception and has received every assistance from every person on the other side as well as those in the trade. He writes directly to the packers who are sending over bacon that is not what it should be. He is candid in his criticism and in pointing out the criticisms that are made over there. If the bacon is not brought up to standard as a result of the letters he sends, the licence to export given to such a packer may be cancelled. Therefore we have all the power necessary, but as long as the packers make

every possible effort to put the best product on the old country market, we feel that we should not be too drastic in any action we take. But we think now we have reached a point where if there are certain packers who may not step up the quality of their bacon, a licence may have to be refused them. There is however ample power to do what has been asked in that connection.

Mr. LUCAS: Has the minister any information to show that the packers have a uniform grade themselves? I was led to believe some time ago that each packing plant had a grade of its own and that they did not conform, so that when the bacon went on to the British market, there were different grades of Canadian bacon. I think every hon. member will agree that there is no other country in the world that should be able to produce as fine a quality of bacon hog as Canada. Nevertheless it is humiliating, when we take the prices that are given in these, I think, weekly reports that are issued by the Department of Agriculture giving the comparative prices of bacon that goes on to the British market from the other countries of the world, to find the price for Canadian bacon is the lowest of that of any country reported. I am strongly of opinion that if we are going to build up a market for Canadian bacon, there should be some standard for export to which all these various packing companies would have to conform. The minister says that he has the power. I trust, if he has it, he will see that a standard is set so that all packers who are exporting will have to conform to that standard and that there will be brought about some more uniformity in our bacon on that market in order that we will get a better price for it.

Mr. WEIR (Melfort): The hon. member is right in what he stated at the commencement that when we endeavoured to set a standard for bacon, among the different packing plants that were exporting, although in one sense each was producing a high class article, there was a difference in the finish or in the cure so that it was not a uniform bacon. That was the first problem the officials of the department ran into in establishing a fixed standard or grade. They felt that the only way in which that could be overcome was to call various meetings of the packers. A number of meetings were held and after a good deal of consultation and showing beyond doubt that they did intend to fix a standard and that if the packers were not willing to cooperate, a standard would have to be set that might be more injurious to some of them than if they sat in and endeavoured amongst themselves to investigate the cure of bacon in each of the packer's plants, and from such investigation each take what he felt was best in the way of curing and see if in that manner he could not come to some more uniform standard. I think it is only fair to state that one of those packing plants was creating a very favourable impression in the markets of the United Kingdom because of the uniformity of its cure, and this was due to certain machinery that was being used in this packing plant. We received the full cooperation of the packers and the undertaking that they would each visit the others' plants and then have another meeting and see what steps could be taken to work out a uniform standard. After a number of such meetings a certain standard was reached, and it was reached by every person cooperating. The packers are very generous in their praise of the officials of the department, stating that their getting together and each learning from the other has been perhaps more beneficial than anything else in regard to bringing about a uniform standard for our bacon in the old country. We have now an artificially fixed standard for export that must be lived up to.

Mr. KENNEDY (Peace River): I would like to ask the minister whether all the bacon exported to the old country is examined there by a representative of the Agriculture department?

Mr. WEIR (Melfort): He sees it opened at the docks at London, and besides that he checks it through the different sales agents.

Mr. KENNEDY (Peace River): This is not a very good time to recommend additional expenditure, but in view of the importance of the matter and the tremendous figures involved as outlined before the commission by the president of Canada Packers, I think at least a reasonable expenditure is necessary to put on more inspectors in the old land so that we may do everything possible to raise the standard of our bacon in the British market.

Mr. WEIR (Melfort): I am inclined to agree but we felt that before this was done we should have the best man possible go overseas, investigate and make recommendations.

Mr. ELLIOTT: The minister will remember my calling to his attention some time ago reports from the old country in regard to the quotas on cattle, beef, veal and hogs from Canada exported overseas. At that time the

reports indicated that there was going to be some reconsideration of the agreement between the United Kingdom and the dominions. Has any change been made since then?

Mr. WEIR (Melfort): Not so far as Canada is concerned. The discussion of that quota applied more to New Zealand and Australia because it was in their agreements with the United Kingdom that a quota should be set up in the first place.

Mr. POULIOT: The other day in answer to a question the Prime Minister said that there were quotas for hams and bacon and oats and oat products. Cattle was not mentioned. Is there a quota for cattle?

Mr. WEIR (Melfort): No.

Section agreed to.

Bill reported, read the third time and passed.

PRIVATE BILLS

FIRST AND SECOND READINGS

Bill No. 96, respecting the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray.

Bill No. 97, respecting the Portage la Prairie Mutual Insurance Company—Mr. Willis.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committe of supply, Mr. Morand in the chair.

Natural Products Marketing Act, 1934, $545,500.

Mr. MOTHERWELL: I made a few remarks on this item three or four days ago so I do not intend to devote any more attention to the actual vote and the purposes for which it is to be used, but inasmuch as the discussion widened out a good deal, particularly on the part of the hon. member for Dufferin-Simcoe (Mr. Rowe), may we be permitted to follow that hon. gentleman in some of the extraordinary allegations he made not only yesterday but on the 4th of this month. On page 3298 speaking of markets and replying to the hon. member for West Edmonton (Mr. Stewart) he is reported as saying:

> Mr. Rowe: He is the man who said he would sound the death knell of protection when the Liberals got into power, and no man knows better than he does that practically every agricultural market in the world was closed to our products before this party came into power.

Now that was an extraordinary statement. It was so wild that I let it go by at the time.

[Mr. Elliott.]

But on the same page I find he repeated it in even worse form. He said first that "practically" every market was lost to Canada. Now "practically" is a very flexible and saving term. Sometimes it lets one out from deliberate misstatement. But what shall we think of this, found on the same page?

> I have never blamed them, and that is why I resent hon. gentlemen opposite blaming the present Prime Minister and this government for closing, as they say, markets that as a matter of fact were absolutely closed to us before 1930.

This time he used the word "absolutely," not "practically." Then if you look at yesterday's Hansard the hon. member for Dufferin-Simcoe repeated the same statement, saying he was not making a random statement the other day when he said we had lost all our markets for agricultural products. What are you going to do with a gentleman like that? Where have our export commodities been going? If they have been shut out of all the world, then we must have eaten them all ourselves. But everyone knows that there has been a great volume of these agricultural commodities going abroad. Just to refresh our memory I have to-day received from the bureau of statistics figures as to exports of grain—I am speaking more particularly of wheat and of flour converted into the equivalent bushels of wheat. Here are the authentic figures, we shall see how far we lost the markets:

Crop years	Quantity
1924-25	192,721,772
1925-26	324,592,024
1926-27	292,880,996
1927-28	332,963,284
1928-29	407,564,186
1929-30	186,267,212

A big drop occurred there. It will be remembered that the 1929 crop was very small, and that was the beginning of the holding policy by practically every seller of Canadian wheat. I am not going to criticize the policy, it was thought to be a right one, nearly every seller of Canadian wheat did it, not meaning it to be permanent, but such hoarding policy has continued more or less until the present day, getting worse all the time. But notwithstanding that, in the last year of the Liberal administration we exported 186,000,000 bushels of wheat to various countries of the world, numbering about forty. Yet the hon. member for Dufferin-Simcoe says that absolutely all these markets were closed to us. How then did it get in? If all the doors of this chamber were closed, the inference would be that we could not get in unless we climbed through the roof or somewhere else. World markets cannot be

open and closed at the same time. Inasmuch as all this grain went out of Canada for export and large amounts of other farm products, it shows that the hon. gentleman's statement was just a fairy tale, no sense to it, no fact to it. There has been no time in the history of Canada when we shipped out as much wheat as we did in the second to last year of the last administration, 407,000,000 bushels. Then as I say it suddenly dropped because of the holding policy of all sellers of Canadian wheat, thinking the market would revive.

Now we will proceed, after that occurred. In 1930-31 we exported 258,693,887 bushels; in 1931-32 we exported 207,029,559 bushels; in 1932-33 we exported 264,304,328 bushels, and in 1933-34 we exported 194,779,876 bushels. This year, as far as the figures go, we have exported 132,672,697 bushels. If you take the value, which is the basis upon which exports are compared, the showing is much more favourable for the years of the Liberal administration, but I will not make an extreme comparison of that kind because in a sense I suppose it should be on the basis of quantity rather than of value, though nearly all statistics are based upon value.

Yesterday the hon. member for Dufferin-Simcoe repeated the statement, and I am sorry to report to the house and to remind the minister that he made the same statement himself four or five nights ago, I think on May 31. The minister stated that practically all our markets for agricultural products had been closed, and he cited the United States as one example. That was correct; that market was almost closed to cattle but the minister did not mention the corresponding British market that had been opened up, to which I referred already to-day. So I am convinced that these are going to be the campaign tactics of this government during the coming election. It will be recalled how lamentably they have fallen short of carrying out their 1930 promises. Not satisfied with that a further barrage of promises by the Prime Minister was hurled across Canada over the ether waves shortly after the new year, another plethora of promises which have flattened out like the proverbial pancake or a busted tire. Now something else has to be framed up to stave off the approaching defeat. I happen to have in my hands some campaign literature sent out by our Conservative friends, and this reveals the same tactics. Of course we are always prepared to make some allowance for the enthusiasm of the writers of campaign literature, but this stuff is just like the statements that have been made by the member for Dufferin the very antithesis of the truth, and apparently that is the way the government and their followers are going to try to humbug the people once more, with the hope of again attaining power. Following the nonfulfilment of their 1930 promises and the Prime Minister's effervescent radio performances, now apparently the government are going to jam the people full of false statements by means of campaign literature.

That is one reason why I speak thus to-day. I regret very much that the hon. member for Dufferin-Simcoe is not present; I presume he belongs to that class of people who hear someone make a misstatement, after they repeat it frequently enough they begin to believe themselves. I should like to be sufficiently charitable to think he was not deliberately deceiving the public, but the fact remains that he made those misstatements to which I have referred. He did qualify the first statement by saying that "practically" all the markets were closed to our farm products but in his last statement he said they were absolutely closed. Yet these official figures indicate that large volumes of farm products were going to the markets of the world, including Great Britain, between the crop years 1924-1925 and 1929-1930 far in excess of what has gone forward since this government have been in power.

I do not want to urge that point further except to say that the minister did qualify his remarks a little bit this afternoon. When he pointed out that our markets were lost he really did not quite mean it that way nor blame anyone for it. But why make the statement? I think when we come to the measure regarding the grain board we may be able to go into this matter further, in order to show that markets have been lost not so much during the Liberal administration but during the last two or three years. However, we will let that be for the moment. I would hope that the minister would not spoil some of the other qualifications he possesses for performing his work by making such loose and extraordinary statements as that we have lost all these markets for farm products. I think he did insert that saving word "practically" but his follower and supporter from Dufferin-Simcoe went him one better, or one worse, and said they were absolutely all lost. The very fact that all the members on this side of the house let the statement go indicated that they did not think it was worth replying to. It was like the statement of a madman, but at the same time it is this kind of madman that gets listened to during a campaign. Those tactics worked fine in 1930,

but it is our business to see that they do not work again. That is why I have made these remarks. If any one has any explanation or justification to offer on behalf of the hon. member for Dufferin-Simcoe in connection with his extraordinary remarks I should be glad to hear it.

Mr. YOUNG: When we were on this item last night I aksed the minister if there were any schemes in operation under which the actual marketing of the commodity was done by either the local board or the central marketing board, and the minister replied that there were none. I notice in the synopsis of the poultry marketing scheme which was submitted to the people of the west during the winter that the plan was to have the marketing done by a central sales agency set up and controlled by the producers. Are there any schemes in operation under which the marketing is done in that manner?

Mr. WEIR (Melfort): The hon. member's question, I take it, is this: Is there any scheme in operation under which the local board has made use of that part of the marketing act that gives it authority to designate a specific agency?

Mr. YOUNG: Not exactly. They might designate as a specific agency some agency already in existence, some private corporation. Under this plan, however, they proposed to set up a producer-controlled central selling agency that would handle the entire surplus product, working on a non-profit basis. Is there any such scheme in operation?

Mr. WEIR (Melfort): That is merely a designated agency, whether established or chosen from those already in existence. The potato people designated an agency; the jam people designated an agency and the bean scheme designated a specific agency, or so I am given to understand.

Mr. YOUNG: Do these agencies actually market the crop?

Mr. WEIR (Melfort): Yes, as distributors.

Mr. YOUNG: Will the minister tell me how they finance it?

Mr. WEIR (Melfort): I could not give the hon. member any information as to how they finance it. Certainly they do not finance it by any levy made on the producer.

Mr. YOUNG: I would not expect them to do so. What I want to know is where they get the money with which to make the initial payments to the farmers.

Mr. WEIR (Melfort): My information is that they are using the established trade organizations.

Mr. YOUNG: Then they are not doing the marketing; the marketing is being done by other people, private agencies?

Mr. WEIR (Melfort): Yes, they are carrying on some of the functions. My interpretation is that they are really carrying on some of the functions of marketing in that to a certain extent they controlled the sale.

Mr. YOUNG: Then they were not doing any selling, nor were they doing any buying?

Mr. WEIR (Melfort): No buying.

Mr. YOUNG: Neither buying nor selling. Then there is no scheme in operation under which the local board or any body set up by it is doing the actual marketing of a commodity?

Mr. WEIR (Melfort): That is right.

Mr. RALSTON: I want to ask the minister a question with regard to the working of the so called potato marketing board, just following along the line of the questions asked by the hon. member who has just taken his seat. As I understand it the potato marketing board has power, under the order in council whereby it was established, to regulate the time and place at which and to designate the agencies through which the regulated product shall be marketed by dealers. That is one of the powers of the board. As I understand it the next thing that happens is that an individual is named in, let us say Nova Scotia or New Brunswick, as the marketing agency designated by the board. Is that the practice?

Mr. WEIR (Melfort): That an individual person is named as an agency?

Mr. RALSTON: As a marketing agency.

Mr. WEIR (Melfort): Yes, I understand that is correct.

Mr. RALSTON: Is that individual actually a dealer in potatoes; does he deal in potatoes?

Mr. WEIR (Melfort): Except in so far as he controls the sale of potatoes.

Mr. RALSTON: But does he deal in potatoes? Is he a marketing agency, at all? What does he do?

Mr. WEIR (Melfort): To the extent, that he controls the sale of potatoes through any subagent he names.

Mr. RALSTON: Through what?

Mr. WEIR (Melfort): Through any subagent he names.

Mr. RALSTON: Where does he get power to name a subagent?

Mr. WEIR (Melfort): He himself is named as agent and he can use whatever means he wishes to market the product.

Mr. RALSTON: He is the agent of whom?

Mr. WEIR (Melfort): I believe I did not understand the last part of the hon. member's question.

Mr. RALSTON: He is the agent of whom? The minister said that this man was named as an agent,—the agent of whom?

Mr. WEIR (Melfort): The first individual, do you mean?

Mr. RALSTON: Yes.

Mr. WEIR (Melfort): Of the producers.

Mr. RALSTON: Of what? There is no provision for naming an agency of the producers. The board has power to designate agencies through which potatoes shall be marketed. I have under my hand—and there is no secret about it—a circular from New Brunswick signed by J. C. Cunningham, marketing agency designated by the eastern Canada potato marketing board. Is he the agent of the board?

Mr. WEIR (Melfort): He is the designated agency through which the marketing takes place.

Mr. RALSTON: The agency of whom?—of the board?

Mr. WEIR (Melfort): Of the producers.

Mr. RALSTON: Has the producer any part in naming him?

Mr. WEIR (Melfort): The board names him, and the producer is represented on the board.

Mr. RALSTON: Will the minister tell me how many producers are on the local potato marketing board of eastern Canada?

Mr. WEIR (Melfort): We have not the names of the producers on the board, but I am informed quite a number of the members of the board are local producers.

Mr. RALSTON: How many are there on the board altogether?

Mr. WEIR (Melfort): Ten.

Mr. RALSTON: I notice the minister is looking at the order in council. I find that a Mr. Mulharin is a representative on the board of New Brunswick. Is he a producer?

Mr. WEIR (Melfort): We have no information available as to who are or are not producers. I regret that that is the position.

Mr. RALSTON: We ought to have that information because the minister has said that this marketing agency is the agency of the producers. He is not named by the producers; he is named by the board, and we ought to know whether it is a producers' board. My information is that it is not.

Mr. WEIR (Melfort): I am informed that it is a composite board consisting of shippers and producers.

Mr. RALSTON: And I understand that there are more dealers than producers.

Mr. WEIR (Melfort): I would not hazard a statement, because—

Mr. RALSTON: I am talking about eastern Canada, the man who regulates the shipment of potatoes in New Brunswick. I notice that there are two men in New Brunswick, one being a Mr. Mulharin and the other a Mr. Cunningham. I wish to know if either or both are producers.

Mr. WEIR (Melfort): I believe Mr. Cunningham is a producer.

Mr. RALSTON: Would the minister verify his belief—not immediately but at some later time?

Mr. WEIR (Melfort): Yes.

Mr. RALSTON: I understand that Mr. Cunningham is named by this board to sit on the marketing agency designated by the eastern Canada potato marketing board. Does Mr. Cunningham handle any potatoes for the board?

Mr. WEIR (Melfort): My information is that all sales of potatoes in New Brunswick go through Mr. Cunningham.

Mr. RALSTON: Will the minister please answer the question: Does Mr. Cunningham handle any potatoes? Does he buy or sell potatoes?

Mr. WEIR (Melfort): He does not buy or sell potatoes, but he negotiates sales of potatoes through subagents.

Mr. RALSTON: The minister states that he negotiates sales of potatoes through subagents.

Mr. WEIR (Melfort): Yes.

Mr. RALSTON: Who are the subagents?

Mr. WEIR (Melfort): The different dealers named by him; we will have to get the names of the dealers.

Mr. RALSTON: Where does he get the power to name dealers as agents?

Mr. WEIR (Melfort): In the same way as any person who might be named as an agent would carry on that work with the assistance of subagents, commission men and so on.

Mr. RALSTON: Are those subagents the agents of the producers or of the board?

Mr. WEIR (Melfort): They are the subagents of the agent named.

Mr. RALSTON: And the agent is named—

Mr. WEIR (Melfort): Named by the local board.

Mr. RALSTON: The agent is the agent of the local board?

Mr. WEIR (Melfort): Of the producers named by the local board.

Mr. RALSTON: The agent is the agent of the producers named by the local board?

Mr. WEIR (Melfort): Yes.

Mr. RALSTON: Does the agent deal with the producers?

Mr. WEIR (Melfort): The local board controls the movement of potatoes through that agency, and through his subagents the potatoes are directly purchased from the producer.

Mr. RALSTON: Does Mr. Cunningham of New Brunswick deal with the producer?

Mr. WEIR (Melfort): Not directly, but through subagents, I am informed.

Mr. RALSTON: And the subagents are nothing more or less than every dealer in the province of New Brunswick. He names each dealer a subagent.

Mr. WEIR (Melfort): Each dealer who conforms to the requirements set up by the scheme.

Mr. RALSTON: I am not attempting to raise legal technicalities, but I am asking the minister, whose officers are before him, under what authority he finds powers to clothe Mr. Cunningham with authority to appoint subagents, or to appoint as subagents all the dealers in New Brunswick who conform with his requirements?

Mr. WEIR (Melfort): That is a matter of commercial arrangement between the agent appointed and his subagents. If the regulation of the marketing was not conducted according to the ideas of the local board, and in the best interests of the producers, then another agent might be named. That is the control that the local board has.

Mr. RALSTON: I am asking the minister this question: Where does he find the authority to clothe this agent with the power to appoint subagents throughout the province, and to instruct them to sell through him?

Mr. WEIR (Melfort): The authority is vested in the agent. A man, Mr. Cunningham in this instance, is appointed agent for the marketing of potatoes. He may either engage individuals and set up a marketing organization of his own, or he may make use of those already engaged. That is a private arrangement he may make.

Mr. RALSTON: But Mr. Cunningham does not handle a solitary potato, does he? Mr. Cunningham is only a toll gate, is he not?

Mr. WEIR (Melfort): The movement of potatoes is within the control of the marketing board, through Mr. Cunningham. He controls the movement of them.

Mr. RALSTON: Does he keep any books of the number of carloads inward to him and outward from him.

Mr. WEIR (Melfort): I could not give that information.

Mr. RALSTON: I want to know whether he is an agency or not, or just a figurehead, a sort of mouthpiece of this local board. Is he anything more than that? Does he handle a single potato or keep any books whatsoever with regard to purchases from producers and sales to the central markets?

Mr. WEIR (Melfort): Whether he handles the potatoes himself or through the subagents I have no information, but I do not see how it makes any difference.

Mr. RALSTON: As I understand it, he is the agency designated through which the regulated product shall be marketed by dealers. That is the difference, and I am asking if he is an agency in the business or just a figurehead who issues orders to somebody else.

Mr. WEIR (Melfort): The interpretation is that he is the agent, and the work is done by subagents.

Mr. RALSTON: Will the minister tell me where Mr. Cunningham gets authority to issue a circular fixing prices?

Mr. WEIR (Melfort): As the agent of the producers. Any marketing agency could do

that—a man by the name of Brown, for instance, if he was the agent of the producers, and they engaged him to market their product at a fixed price. I understand that is the way it is done.

Mr. RALSTON: I am reading from circular No. 3, headed "New Brunswick Potato Marketing Agency" and addressed "To all representatives." I stop there to ask the minister if the "all representatives" referred to are all the dealers throughout the province of New Brunswick who, as he says, conform to the regulations laid down by this Mr. Cunningham? Is that who all the representatives are?

Mr. WEIR (Melfort): Yes.

Mr. RALSTON: Following that I quote further from circular No. 3:

> The following are the minimum prices for Green Mountain potatoes (Cobblers 5 cents per bag less except at Halifax) effective February 25, 1935, at which you are to sell potatoes produced in New Brunswick, cash track on the following markets.
>
> Representatives of this agency shall note that all quotations and sales to points east of Peterborough, Ontario, and to all points of northern Ontario shall not be confirmed at a lower proportional price rate than the minimum Montreal base rate.
>
> Prices for Peterborough, Ontario, and west thereof and for points in southern Ontario (old Ontario) shall not be confirmed at a price rate proportionately lower than the minimum Toronto base rate.
>
> | | | |
> |---|---|---|
> | Montreal.. .. .. | 80-pound bag | 60 cents |
> | Toronto.. .. .. | 90-pound bag | 75 cents |
> | Halifax.. .. .. | 90-pound bag | 57 cents |
>
> Agency circular No. 2 is amended accordingly.
>
> G. C. Cunningham,
> Marketing Agency designated by the Eastern Canada Potato Marketing Board.
>
> Fredericton, N.B.
> February 21, 1935.

If one of the gentlemen who is named as a representative comes to Mr. Cunningham and says, "I am handing you my potatoes; I am going to sell them; I want them sold at 50 cents, not at 60 cents a bag," what are you going to do about it?

Mr. WEIR (Melfort): The board controls the movement of potatoes.

Mr. RALSTON: Does the board control the price?

Mr. WEIR (Melfort): The agency controls the price.

Mr. RALSTON: Is there anything in the statute or is there anything in the order in council which mentions a solitary word about price, and was it not expressly intended when the marketing act was brought down in this house that this was not to be a price fixing agency?

Mr. WEIR (Melfort): The agency that is appointed controls the sale under the direction of the board, and the agent can sell at any price he wishes, but being the agent of the producers he would take instructions from the producers.

Mr. RALSTON: Does my hon. friend suggest that when he finds in paragraph (a) of section 6 defining the powers of the local board:

> (a) To regulate the time and place at which and to designate the agencies through which the regulated product shall be marketed by dealers—

—and that includes the regulation and the fixing of a price?

Mr. WEIR (Melfort): It states the time and place at which the commodity is to be marketed.

Mr. RALSTON: And the agency through which.

Mr. WEIR (Melfort): And the agency through which it is to be marketed. Then it is within the power of the agency to market those potatoes according to the instructions of the board for regulating the marketing of potatoes. It is the function of the agent that is appointed to control the marketing of the product.

Mr. RALSTON: It is the function of the agency to regulate the marketing of potatoes as laid down in the powers of the local board, namely, to regulate the time and place and to determine the manner of distribution of the regulated product by dealers and to determine the quantity and quality, grade, variety or class, but it expressly omits to say anything about the fixing of the price.

Mr. WEIR (Melfort): The marketing agency has full power of the sale of the product when he is appointed agent of the board, both with reference to the price he wishes to get for the product and other matters.

Mr. RALSTON: Has my hon. friend any advice to that effect?

Mr. WEIR (Melfort): That is the information I have just received.

Mr. RALSTON: No. I mean has the minister taken the advice of the Department of Justice or anybody on the power of an agent who is simply named as such to issue instructions to people throughout the province that they must sell at a certain price?

Mr. WEIR (Melfort): The approval of this has been given I understand by the Department of Justice.

Mr. RALSTON: Will the minister bring down that approval after recess?

Mr. WEIR (Melfort): The approval is in the scheme, in the fact that the scheme has been accepted. The basis of acceptance of the scheme is that it has met the approval of the Department of Justice.

Mr. RALSTON: The minister is not going to get away with that. I am not talking about the approval of the scheme, but approval of this method of regulating prices. I ask the minister has he any advice from the Department of Justice that a gentleman named Cunningham can be named by the board, a man who does not handle potatoes at all and is in no sense a marketing agency except nominally, and that he can issue instructions legally to all dealers in New Brunswick that they must sell at a certain price?

Mr. WEIR (Melfort): I am not aware whether or not that particular point was put before the Justice department. I thought the hon. member was asking with reference to the powers under the scheme. Before any scheme is approved by the board the powers are first submitted to a representative of the Justice department. With reference to the particular point my hon. friend mentions I do not know whether it was brought before the Department of Justice.

Mr. RALSTON: But that is the whole point, Mr. Chairman. That is why I understand the peg was pulled and the potato marketing board almost ceased to function.

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. 33 for the relief of Ray Leitman Aronoff—Mr. Garland (Carlton).

Bill No. 44 for the relief of Agnes Mabel Potter Brockwell—Mr. Garland (Carleton).

Bill No. 45 for the relief of John Henry Ley—Mr. Garland (Carleton).

Bill No. 56 for the relief of Emma Gelfman Goldman Stokolsky—Mr. Heaps.

Bill No. 57 for the relief of Albertine Roberte Montpellier de Beaujeu—Mr. Bell (St. Antoine).

Bill No. 65 for the relief of Isabelle Hume Sadlier Rice—Mr. Garland (Carleton).

Bill No. 66 for the relief of Mary Frances Isobel Brown Gauthier—Mr. Factor.

Bill No. 67 for the relief of Amy May Wells Gorman—Mr. Bell (St. Antoine).

Bill No. 68 for the relief of Charles Michael McGuire—Mr. White (Mount Royal).

Bill No. 76 for the relief of Nora Ellen Moore McCabe—Mr. Bell (St. Antoine).

Bill No. 77 for the relief of Hildur Emilia Hill Soucy—Mr. Bell (St. Antoine).

Bill No. 78 for the relief of Ethel Ellis Callow Randles—Mr. Bell (St. Antoine).

Motions for third reading agreed to on division.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932

The house resumed from Friday, April 12, consideration in committee of Bill No. 13, to amend The Canadian and British Insurance Companies Act, 1932—Mr. Coote—Mr. Morand in the chair.

On section 1—Surrender of policy.

Mr. BENNETT: I came to this chamber to-night for one purpose, and that was to urge the hon. gentleman to drop this bill; I would not have come otherwise. I speak for His Majesty's government charged at the moment with responsibility for the financial administration of this country's affairs when I state that the enactment of this legislation will have a most injurious effect upon Canada's position at the present time.

First let me say that there is no subject that has been so much discussed from time to time in the courts of the country as has the jurisdiction of the provinces and the dominion with respect to insurance legislation. We in this house have claimed jurisdiction over insurance; we have tried to suggest that it was trade and commerce; we have tried to suggest that it came under many heads of section 91, and the privy council rejected our contention. Later we amended the statute and the privy council again rejected our contention. Finally, in the last judgment Lord Dunedin suggested that we were apparently endeavouring by persistency to do something which we should know we had no right to do. However, since this government assumed office, we have enacted these statutes after the decision of the privy council, believing that they are within the legislative competence of parliament.

Insurance is by all odds the largest business in this country. It touches the home of the very rich and of the very humble and poor.

Insurance companies are for the moment the depositories and the repositories of the accumulated savings of the Canadian people. Insurance is based upon the assumption that by an individual paying a certain premium for a given number of years, the company will pay to the person named in the policy a given sum of money. It is admitted that the money thus paid as premiums will earn sufficient interest, having regard to the tables of mortality, to enable those obligations to be discharged.

The rates of interest upon which our companies made their reservations in times past have been reduced from time to time. They did reserve at one time on the basis of money over a period of years earning over four per cent. Later the rate was reduced to three and a half per cent, and some companies reserve on the basis of earning over a term of years being three per cent. In the case of other companies where they had perhaps a clearer appreciation of the possiblity of interest rates lowering, the rate has been two and a half per cent. With the present low return upon securities, it is obvious that insurance companies, if their premiums heretofore have been based upon a sound appreciation of the tables of mortality, that is the expectation of life, and of the earning power of money, will find it necessary to increase their premiums. Some Canadian companies have already given notice that new business will be carried on an increased premium. Annuities some companies are now seeking to avoid taking.

One of the provisions of our law as enacted by this parliament, assuming that it is a statute that is within our competence, provides for loans being made on policies, and in most instances the policy or contract between the insured and the company contains a provision that the company will not charge more than a given rate of interest upon the loan thus made. The loan of course is amply secured by the reserves of the company with respect to that particular policy, and the sum of money that may be borrowed at any one time depends upon the number of premiums that have been paid and the reserve that has been set up at the rate of interest on which the company reserves its accumulated premiums. That contract between the assured and the company is like all other contracts; it represents what is technically, we will say, an offer by the company to do something on certain terms and conditions, and an acceptance of that offer by the insured as evidenced by his policy, which of course constitutes the contract. The minds have met and the contract is complete. We are suggesting here tonight that some of the provisions of the contract shall be modified. The insurance companies, as I shall presently point out, are willing to make certain changes, but they reserve very definitely their rights with respect to our right thus to set at nought a contract between the assured and his company.

The second class of borrowings is that which does not find its way into the pocket of the policyholder; they are the automatic loans which are made on policies to enable them to continue in force after premiums have ceased to be paid by the insured. That of course is relatively a new provision with respect to insurance. It used to be that when the insured no longer paid his premiums, the policy lapsed. Now, the reserve accumulated by the premiums that have been paid automatically carries forward a sufficient sum, depending upon the time the policy has been in force, to pay the premiums. In other words, these automatic loan values or loans made to pay premiums are something that has been secured to policyholders by the provisions of our statute. Thus it is that those of us who practise law have sometimes found in estates a policy upon which the insured has failed to pay premiums for two or three years. When we looked at it at first we thought it had lapsed because no premiums had been paid for the preceding three years, but on an examination of the provisions of the law and the policy, it was found that the policy had been automatically carried on for four or five years and that the beneficiary named in the policy, notwithstanding the apparent lapse, would recover the sum named in the policy less the premiums that had to be paid out of the accumulated reserve with interest as provided by statute. Now the policies provide for an interest rate to be paid for either of these two classes of loans, that which may be made to the individual who applies for it and receives his cheque, or that which is made automatically to maintain the policy in force. These latter provisions are inserted in the contract of insurance. The bill that is before the house suggests that the rate should be reduced to four per cent. In the committee I believe it was agreed by a majority vote that the rate should be five per cent, and there is an amendment before the committee that the rate should be six per cent. The companies through their solicitor have now advised the government that they are prepared to enter into an agreement, satisfactory to the government and to the superintendent of insurance, that beginning on January 1 next, or possibly sooner if the adjustment can be made, reducing the rate of interest on all contracts outstanding to six per cent and so notify their policyholders, and that in future loans made by way of

advance to the insured on application, or loans made automatically to maintain the insurance in force will carry interest at the rate of six per cent.

It may be thought by many that the rate is still excessive. There are many cases in which the rate provided for is higher than that. In 1910 the rate was fixed, as is known by this house, at not exceeding seven per cent, because in the Bank Act of that year we also provided that the interest rate charged on loans should not exceed seven per cent. With the cheapness of money the insurance companies have now expressed a willingness to file with the superintendent of insurance an agreement that the rate shall not exceed six per cent.

Under the circumstances I suggested that these bills should be withdrawn at this time, and I am going to give a few reasons for that suggestion, some of which have to do with companies considered merely as companies, and others with the public financing of this country. I shall endeavour not to make any observations that may be regarded in any sense as a reflection upon the legislation of any character anywhere else than here. Our insurance companies carry on insurance business outside of Canada. One of our large companies at one time had a billion dollars at risk in the United States of America, and was transacting business in nearly every state of the American union. These companies transact business in India, Japan, China and many other countries of the world. I need hardly say that the rates of interest provided for by contract between the insured and the company in those countries is somewhat different from the rate that prevails in this country, for the reason that rates of interest in those communities are in many instances much higher than here. For instance interest rates on deposits in banks in some parts of South America are substantial as compared with Canada, and the rates of interest obtained for loans entirely different from those that obtain in this country. Under these circumstances I ask the hon. gentleman who promotes this measure, and who stated very frankly that he was doing it in the first instance in the hope that he might be able to reduce the rate on automatic loans to maintain the policy in force, is it desirable that we should thus interfere with contracts made between citizens of other countries and one or many of the corporate organizations of our own country? I suggest that as one consideration. I shall not amplify it beyond stating that I can conceive of few things at this delicate time, if I may use that expression, in the financial world, that would be more injurious than to have it thought that this parliament, without consultation with those concerned, should undertake to say that it could do better for the policyholder than he himself had seen fit to do. For when the policyholder made his contract with his company he did it with his eyes open and knew exactly what he was doing. To suggest now that we with our great wisdom will make a new contract for him is in my judgment not sound from the standpoint that has been suggested or from the standpoint of what I will describe as the public interest of the Dominion of Canada. The second point is that I believe counsel for the insurance companies satisfied the committee that with respect to certain types of contracts it would be quite impossible for us legally to do what has been suggested. Those are matters which would fall within property and civil rights, within the provincial domain of legislation.

Lastly I suggest an argument that I believe is the basis upon which all the insurance companies have fixed a higher rate of interest than would at first blush seem to be desirable in connection with policy loans. Nothing that has been done with respect to improvement of terms and conditions connected with insurance has been more closely or jealously guarded than that connected with loans to policyholders, loans of the two kinds I have mentioned. It has been the experience of all companies that making easier the securing of policy loans has resulted in great injury and loss and unhappiness to those who are primarily the beneficiaries under such policies. Now I do not speak of my own knowledge alone as to that. I have borrowed money on my life insurance policies; I am wholly familiar with the conditions under which this business is transacted, and I believe that when the superintendent of insurance states, as he does, that making easy or facilitating the readiness with which loans can be obtained on policies has operated to the detriment of widows and families in this country, he knows whereof he speaks. Strange as it may sound, the average loan by direct advance in this country is only about $200, and the average loan with respect to the automatic carrying of the insurance about $100.

I desire to direct attention to the magnitude of this business, as supporting the suggestions I make. On December 31 last, the insurance companies had under loan to their Canadian policyholders the following amounts:

Canadian companies..	$145,414,590
British companies..	4,101,930
Foreign companies..	57,759,692
	$207,276,212

Now observe that of that total over $61,000,000 has been loaned by companies beyond the legislative jurisdiction of this parliament. While we have licensed them under circumstances which I shall not now discuss, it will be readily understood that when they are advised—as they promptly will be, as it is their business, and they have agents who watch that sort of thing—when they are advised that we have passed legislation by which we have modified to any extent at all the terms of the contract made between the policyholder and the company, the credit of Canada suffers a great injury. I say that with very great deliberation because I know whereof I speak. Only a few years ago we endeavoured by a special form of taxation to do what had been done in other countries, and we were advised at once, almost by cable shall I say, that certain conditions that attached to certain contracts clearly must not be covered by such legislation.

Let me go further. The premium loans, that is, loans standing to the credit of policies in this country, to carry the policies forward when the unfortunate policyholders can no longer pay the premiums, so far as the Canadian companies are concerned amount to $33,564,616; in the case of British companies, to the small sum of $466,377, and in the case of foreign companies to $3,439,173. making a total for automatic premium loans of $37,470,166. So, sir, the total sum of these two amounts, or should I say the total amount of these two sums, is $244,746,378.

When I first saw those figures, Mr. Chairman, I confess that I was astonished. Here we have nearly a quarter of a billion dollars advanced on the security of the reserves, on policies or under contracts between the policyholders and the companies themselves. What do you think the statutory reserves, set up under the provisions of the Insurance Act, amounted to? As of December 31 they amounted to the very large sum of $1,224,650,970. That was the sum total of the reserves, so you will observe that of those reserves there had been drawn out in cash or set aside to meet premiums when the policies, in the familiar language of the home, had lapsed, about twenty per cent of the whole. In other words, of the reserves set up for the purpose of taking care of the obligations of the companies, under policies of insurance, to widows, orphans and beneficiaries in this country, twenty per cent had been advanced to the policyholders or set aside to automatically carry forward the policies.

That is within Canada. Now let us proceed outside of Canada. Canadian companies outside of Canada had loaned their policyholders $90,248,660 as of the end of December last, and automatically there had been provided $15,238,728, making a total of $105,487,388 against total reserves on the same policies of $693,281,773. So the companies doing business in Canada, Canadian companies doing business within and without our own country, the total loans on policies amounted to $235,663,250 and automatic loans to $48,803,344, or a grand total of $284,466,594 against a reserve of $1,505,856,108. I ask my hon. friend from Macleod and the members of this committee: At this moment, when the insurance companies are willing to enter into an agreement with the minister, and lodge it in his office, that they will reduce their rate on all outstanding loans to six per cent and make the same rate on all future loans as of January 1—and it will be the subject matter of further discussion as time proceeds—with further loans amounting to $105,000,000 outside of this country, where reserves have to be set up, do you think we should have it said that this dominion took this action to-night with respect to these contracts, without any consultation with the policyholders and against the legal position taken by the insurance companies who are willing, however, to notify their policyholders that they will make the agreement to which I have referred?

I have only one further observation to make upon another phase of the question. I did point out that it is inimical to the interests of those who are to be protected by insurance that loans should be made against the policies. I do not suppose it is necessary to argue in this committee, where there are a great many gentlemen who have outstanding policies payable to their wives and children, how undesirable it is that the protection thus afforded should be reduced by loans, for unfortunately there is a tendency on the part of those who secure loans not to repay them but to let the interest accumulate until such time as the reserves are wiped out. Let me give an illustration of how marked has been the borrowing of money in days of great prosperity, not for the purpose of paying premiums but for the purpose of engaging in hazardous undertakings and speculative enterprises. In the year ending December 31, 1924, we had loans in Canada against policies

amounting to $90,298,571, and the total policy reserves were $585,596,956, the ratio of loans to reserves being 15·4 per cent. During the ensuing five years of very great speculative activity the loans increased to $159,353,195, as of December 31, 1929, and the reserves to $975,113,290, increasing the ratio of loans to reserves to 16·3 per cent. During the years of great depression from 1929 to 1934 loans on policies increased to $244,746,378 and total reserves to $1,224,650,970, and the ratio of loans to reserves to approximately 20 per cent. This indicates, of course, that in times of depression this reserve is available for any purposes for which it may be required, and much money has been drawn for those purposes during that time.

Now may I say to this committee that we have passed through five pretty bad years, and during some of that time we have had considerably increased responsibilities because securities decreased greatly in value and the reserves of the companies could not be readily realized upon without taking great losses. The demand for loans was so great that the premium income could not be invested but had to be utilized for the payment of loans upon policies or for cash surrender value of policies, and the result was that there was a rather acute condition, not only in this country but in every country. Particularly was that so in the United States where, as I dare say you have observed from the newspapers, some of the great companies met with very great difficulties indeed. Under those circumstances I suggest to the hon. gentleman that we should avoid again thrusting the insurance question into litigation. We have done the best we could, believing that the action was legal, but having regard to the terms of the judgment of the privy council I am not expressing the certain opinion that there might not be grave difficulties in supporting some of the clauses of our statute. I would avoid it if we could, because the companies in which you and I have our money invested are most anxious that they should have dominion registration, that dominion licences should be forthcoming, that dominion investigations should take place and that the restrictions upon investments for insurance companies, which we have in the insurance acts, should be observed. If that is to be continued we must support and protect this legislation. We believe it is legal, but we desire to avoid litigation, and I may say that the legislation as it stands has met with the approval of the insurance companies themselves who, for the reasons I have indicated, are anxious that they should have dominion licences. Then again, I ask, is it desirable with respect to these companies transacting business both abroad and at home, where provision has been made to meet the situation, that those companies by legislative act should be compelled to do something which at this moment they are not prepared to do to the extent the hon. gentleman wishes? In other words having regard to the contracted sphere of sound investments and to the low price of government securities they have done what they could by the rates I have indicated to create a habit of not borrowing on insurance policies so that those policies may be maintained for the purposes for which they were originally taken out, namely for the protection of the beneficiaries named.

One more point, and I shall have concluded. It is this, that if we are to pass this legislation, let us do it by amending the Interest Act and not the Insurance Act. If it is the view of the house or committee that this is the time at which to reduce the rates, then I suggest that it be done in the way I have indicated. I have nothing to say against rates being reduced, so far as that is concerned. I desire to say only this, that it is not desirable to do so without the consent at least of one of the parties to an insurance contract; for what assurance have you or I that we are representing John Smith regarding the terms of his contract instead of John Smith himself? John Smith has agreed that the insurance company which makes the advance to him shall be able to take from him a rate of interest which shall not be greater than a certain amount. The agreement provides exactly what it is to be. How am I to say, "I can do better for John Smith and know more about his business than he does himself?" I know what some hon. gentlemen will say to that argument, but we must remember that this is a matter of an exact contract for each specific case, each loan which I have mentioned. Do hon. members think this parliament, or does the hon, member for Macleod believe that this parliament, should take that contract, tear it to pieces, and say, "This is the contract by which you are governed, and not that one?" If we desire to do it, let us make it a general act for the future.

Every man who has a policy of insurance has two interests, one of which is its safety. If it is a profit bearing policy it is a better policy when he dies than it was when he took it out. This very provision for interest enures to the benefit of every policyholder throughout the country. That is an amazing feature of it because it strengthens the re-

serve on his policy. Let me ask this further question: Is it desirable to take the action suggested at this particular time? Is it not desirable that we should adopt the reasonable method and, if we are to take action at all, place it in the statute relating to interest so that it shall apply to all? Countries abroad, whether they be Mexico, China or South America, would not be able to say that with respect to loans what we had done was not proper, but rather that under the interest law of Canada owing to the cheapness of money and the lowering of interest rates the rate had been reduced for general application to all companies, whether they were provincial or federal, foreign or British. There is standing in committee a bill which would enable such amendment to be made, if it be thought desirable. I do suggest however that the desirable course at this time is for us to accept the undertaking of the insurance companies to make the agreement with the superintendent of insurance, so that every policyholder may be advised that the company is now prepared to reduce the interest rate on his past agreements—as they are prepared to do unless he desires to do otherwise—and on future loans. There is one phase of the matter that I mention with great hesitancy, and that is that the suggested legislation may place a very serious strain upon the companies themselves in providing cash to meet the requirements of the policyholders, either for cash surrender values on the one hand or loans on the other.

There are amplifications of the reasons which I could give, but I have endeavoured to outline to the hon. member and hon. members of the committee what is in my mind, not because I am against the reduction of interest rates but because I am deeply solicitous about the future of Canada, its position among the countries of the world in connection with the maintenance of what may be good or bad at the time it is made, and the maintenance of legislation under which companies have issued contracts to various people in different parts of the world.

In suggesting the action I have indicated I do so with the full realization that it may readily be misunderstood. I feel however I would be recreant to my duty if I did not rise in my place to-night and indicate to the committee how serious I believe the result would be if we were to say to each individual policyholder in the world that we know better than he does how he should conduct his business with respect to his home and family, and the protection he affords to those he desires to protect, and in connection with the making of loans, whether automatic or otherwise on the reserves which have accumulated on his policy. If the hon. member will accept that view, very well, but if he does not accept it I think he must in all fairness resort to the provisions of the Interest Act, and not the Insurance Act, to protect us against attacks which might properly be levelled against us. If he accepts my suggestion, we may hope that even further concessions may be obtained by action of policyholders themselves, and we know that at least we shall have secured a fixed rate, a rate not exceeding six per cent, covering all charges of every kind in connection with advances which may be made against your accumulation and mine on money which we have entrusted to various companies to invest, against the contingency provided, namely the payment to the beneficiary of a sum named either as an endowment or a claim maturing at death.

Mr. POULIOT: Speaking on behalf of John Smith may I say that the member for Témiscouata (Mr. Pouliot) has had experiences that quite probably the Prime Minister (Mr. Bennett) never had. I have often borrowed money from insurance companies, and I have found that the rate has been very high. When a man applies for a loan from an insurance company he does not discuss the rate of interest. He gets the money from the insurance company because he needs it badly, and the insurance company proceed to take advantage of that fact and charge the rate they wish. May I tell the Prime Minister, for his information, that when John Smith or John Doe goes to an insurance company to get money he has to comply with the conditions imposed by that company. Those conditions are not always pleasant, but when one needs money he must accept them as they are. That is a point which I suggest should not be overlooked.

Perhaps other hon. members have been in the same unfortunate circumstances and have had to borrow on their insurance policies. Undoubtedly they have found the rate very high. How is it that when rates of interest have been reduced everywhere, insurance companies continue to impose their own high rates? How it it that when the government obtains the privilege of borrowing money at a low rate, individuals cannot do so? This is another point which cannot be understood by the common people. We know that in the first instance the rate of interest was reduced to the federal government; then it was reduced to the provincial government, and now the municipalities have obtained a lower rate of interest. But when it comes to an indi-

vidual, he must pay a high rate; the sky is the limit. Why do we have this discrimination? I find the condition I have described very hard to understand. I cannot understand the people who seek cheap money on the markets of the world and then tell the private individual that to save his country he must pay a high rate of interest. It is absurd, in my humble view, and I cannot understand it coming from a business man of the calibre of the Prime Minister. If the rate of interest is to be low for the federal government, if it is to be low for the provinces and the municipalities, it should be equally low for the private individual, and the reason why so many individuals cannot pay their debts is because of the interest payments on their liabilities. It is a vast problem. I admit that the precise rate of interest fixed by the hon. member for Macleod (Mr. Coote) may be a matter for debate, but on the other hand something should be done to lower the rate of interest for the private individual. That is a matter of the utmost importance and it should be settled by this house because the usury act is an act of the parliament of Canada.

One reason why I do not object too strongly to this bill is that it is a public bill which affects all the insurance companies. I am strongly opposed to all private legislation to the granting of special privileges to this company and to that one. The business of parliament is to look after the general welfare of Canadian citizens as a whole, and we should not allow ourselves to be imposed upon by the private legislation which comes before us and which brings here swarms of lobbyists who are a pest to this house. Men who cannot earn anything before the courts come here and go from room to room canvassing in the interests of private legislation. It is shameful, because that legislation is to grant special privileges to the few. That is the sort of legislation I object to, but in a general way I do not object to public legislation by private members. That is our privilege. The members are here to enact legislation that affects every Canadian citizen. Therefore I think in principle the legislation which has been proposed by the hon. member for Macleod should receive the general approval of this house with the understanding that its particulars are a fair subject for debate.

The insurance companies always are complaining that their privileges are being curtailed. No one can expect that these companies, which have such enormous assets—and it is a good thing that they have—will be glad and that they will congratulate the House of Commons when by act of parliament their revenues are curtailed and the rate of interest is reduced on the loans which they make to their policyholders. On the other hand the public interest must be kept in view all the time, and it is on behalf of the man in the street who has to borrow on his insurance policy that I make these remarks to this committee.

[Mr. Pouliot.]

Mr. DONNELLY: I should like to ask one question of the Prime Minister. He referred to one Canadian company doing business outside Canada, and said that it had loaned money in outside countries and that a high rate of interest was received upon its loans in certain countries. Can he tell us what rate of interest this company receives from the loans it makes in England, for instance?

Mr. BENNETT: Presumably the rate on policy loans of any company doing business in England would be the going rate in England. The rate as fixed in 1910 was based upon the rate fixed in the Bank Act on the assumption that money should be borrowed on an insurance policy at a slightly higher rate than from the bank. The policy of 1910, and it is still the policy, was to discourage these loans being made. In England the rate of interest is much less than it is here, although I have not the figures; so is the interest rate on reserves, and so are the promises with respect to profits. One of the reasons our companies do a large business abroad is that they are supposed to have a good field for investment in Canada where the yield would be larger than in older countries where the rate of interest from securities is smaller; but with a reduction of the rate of interest on securities the profits on insurance policies have been reduced. The rate of interest varies in other countries and it varies here from time to time. When we fixed the rate in 1910 we did it with the purpose of not facilitating policy loans, the purpose being, as I have said, to maintain a slightly higher rate on policy loans than money might be obtained for from a bank or other lending institution, in order to discourage the practice. I remember a friend of mine saying to me in this house that he wished that ten years ago there had been a law prohibiting loans on policies, for he had made a loan and had not been able to repay it—he wished he had never been able to get it.

Mr. COOTE: Mr. Chairman, I must say that the Prime Minister's statement to-night came as a complete surprise to me. I had no intimation, no knowledge of it at all; in fact I did not expect the insurance com-

panies would make such a proposal to the government, and naturally I feel that I would like to have the opportunity of seeing in Hansard the statement made by the Prime Minister and possibly of seeing the suggestion which the insurance companies have made to the government.

As to the propriety of the house dealing with the matter I may say that the insurance companies were very ably represented before the banking committee by Mr. Rowell, and speaking from memory I understood him to say that so far as this particular section of my bill is concerned, fixing the rate of interest on future contracts, we are certainly within our rights. That is, he did not raise any question of constitutionality at all in regard to that section. As the section was originally drawn I believe he did suggest that it might be regarded as perhaps outside the powers of parliament, but the redrafted bill as it was passed by the committee makes it clear that the rate of interest this bill seeks to impose would apply only to loans made after the first day of January, 1936. That will be clear, I think, upon a reading of the bill. It says:

> No company shall charge, stipulate for, or recover as interest in respect of any loan made to any person on a policy of insurance issued or effected upon the life of any person—

I draw particular attention to the words that follow:

> —resident in Canada at the time the policy was issued or effected, any amount in excess of five per centum per annum, compounded annually, on the balance of the loan from time to time unpaid by the borrower.

I just mention that to make it clear that this was not to apply to any policies or any loans made outside of Canada, and in that particular the committee was very careful to see that the bill as passed by them did not infringe upon that right. I hope that before the bill is up again I may have the opportunity of studying the statement which the Prime Minister has placed upon Hansard.

Section stands.

Progress reported.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Morand in the chair.

Natural Products Marketing Act, 1934, $545,500.

Mr. RALSTON: Mr. Chairman, when the committee rose at six o'clock the minister was dealing with the question of the fixing of prices for potatoes under the potato marketing board, and I was asking him if he had had any opinion from the Department of Justice intimating that there was power for an agency of the kind which appears to have been appointed here to fix prices or to issue an order to the dealers that a certain price must be obtained. I understood the minister to say that that point had not come up I am wondering whether during the recess the minister has looked into the matter and found an answer, and whether he can give us now the benefit of any information he has gathered.

Mr. WEIR (Melfort): My information is that the Justice department has not been asked for its opinion as to whether or not the central marketing agency had the power to fix a price. As regards the other question with respect to the personnel of the board, on the local potato board, which includes two from Quebec, six are growers: J. J. Trainor, Prince Edward Island; R. K. Lougheed, Nova Scotia; F. I. Boates, Nova Scotia; G. C. Cunningham, New Brunswick; J. T. Cassin, Ontario; C. E. Broughton, Ontario. Two are shippers; M. G. McNealy, Prince Edward Island; H. L. Mulharin, New Brunswick. Three are connected with growers' organizations: W. J. Tawse, Quebec; J. H. Lavoie, Quebec; L. F. Burrows, chairman.

Mr. RALSTON: The minister has said that the Department of Justice had not been asked whether or not the central marketing agency had authority to fix a price. By the central marketing agency, did he mean the agency appointed by the local board?

Mr. WEIR (Melfort): Yes.

Mr. RALSTON: The minister agrees, I presume, that the local board itself has no power to fix prices.

Mr. WEIR (Melfort): Yes.

Mr. RALSTON: Has he not taken an opinion or given consideration to the question whether or not the local board, not having the power to fix prices, may indirectly fix prices by appointing a marketing agency which does so? Does he think that the agency can do what the board itself cannot do?

Mr. WEIR (Melfort): There is no doubt that the agency can do certain things which the board cannot do.

Mr. RALSTON: For instance?

Mr. WEIR (Melfort): For instance, the agency can market and the local board can-

not. With reference to the hon. member's question regarding the fixing of prices, I think he will agree that the term "fixing of prices" is capable of different interpretations. The agency is appointed by the local marketing board in this particular instance for the purpose of marketing potatoes through that agency. The agency, in the ordinary course of selling, would decide as to what was considered the best method, under conditions such as prevailed, of getting the largest returns to the producer, and in so doing he would doubtless offer at a certain price the product he had to sell. If that price were found to be such that the product would not move freely, or that its movement would be handicapped in merchandising, the agency would naturally change the price. As I say, "fixing of prices" is open to different interpretations. Personally I see nothing wrong with the action which was taken, especially under these conditions.

Mr. RALSTON: I do not want to prolong the debate if it is going to get into a legal discussion, but the minister is speaking of a commercial transaction. The transaction which takes place here is not in any sense, as I understand it, a marketing transaction by the agency. Take Mr. Cunningham, for instance: all that he does is to issue an order to certain dealers throughout the province declaring, "You shall sell your goods for so much." But he does not take an order from the purchaser; he does not handle potatoes; he simply issues an order to A, B, or C all over the province of New Brunswick, "You have to sell your potatoes for so much," and all he asks of them is to file invoices with him. He does not say to whom they are to sell; he takes no responsibility in connection with marketing. He is simply a figure head, a dummy, a bureau, not a marketing agency in any sense of the word. Surely the minister does not suggest that a man who is appointed by the board can fix a price when the board itself cannot fix one. I do not understand the line of reasoning the minister takes. I am not talking about a commercial agency which has power to decide, "We have a certain number of potatoes on hand and we must determine whether to sell at such and such a price." I am speaking of a statutory creature, a man who does not handle potatoes at all and who does not attempt to negotiate with the purchaser. He sends letters to so and so, "You shall sell potatoes at such and such a price." Does the minister suggest that that can possibly be done? Has the minister any authority for it? Has he consulted the Department of Justice in regard to the soundness of such a scheme? Remember that what he is doing is this. He is endeavouring to found a basis for prosecution, for putting people in gaol, fining them from $25 to $500 and imprisoning them for three months. Does he suggest that any prosecution could be brought against a man who disobeyed an order made by someone in Fredericton and sold potatoes cheaper than specified in that order?

Mr. WEIR (Melfort): Like my hon. friend, I do not wish to enter into a discussion of technicalities, especially legal, because I should be in no position to do so with one of his training. But it is a matter of interpretation of the term "marketing." For example, I wish to buy a house; I can either go direct to the parties or name an agent to purchase it for me, though I have really paid for the house and purchased it. This selling agency—because he is appointed a central selling agency—

Mr. RALSTON: Who appointed him?

Mr. WEIR (Melfort): The local board. He has control of the products that come under the provisions of the scheme that has been approved.

Mr. RALSTON: That is where the minister has gone wrong. If the local board appoints the central agency, the agency cannot do more than the board can do.

Mr. WEIR (Melfort): The local board has no power actually to market, but it is set out specifically in the statute that the local board can name any agent or agencies to do the actual marketing. In this instance they specified a central selling agency and as such it has control of the product. If its operations are not satisfactory to the local board, the local board may either withdraw the authority which it has given or name some other agent or agency similar to any other marketing organization. He, I would say, would be privileged to ask a price for the product he has to sell, because his endeavour is to get the greatest possible remuneration for the producers for the goods sold.

Mr. RALSTON: Let us leave that point for the moment. In the first place, I say that the marketing agency is the creation of the board and cannot do more than the board can do, and this house expressly indicated that the local board was not to have the power to set a price. What the statute contemplated I think was this: A toll gate or supervising bureau was to be established in the form of a central agency, so that the local board might be assured the marketing

was being done in accordance with the local board's regulations, and there would be a possibility of checking them as they went by that toll gate or turnstile. But the only thing the local board could do was to make regulations as to distribution, the quantity and quality of the things specifically set out in the order in council, but not as to price.

Let us go a step further. The marketing agency is not a marketing agency for the producer at all. To whom does it give an order as to price? It gives an order as to price to the dealer and says to the dealer: You must sell to another dealer at such and such a price. There is no order so far as I know—and the minister will correct me if I am wrong—from the marketing agency that the producer is to get a specific price. On the other hand there is no order from the marketing agency that the consumer is to pay a specific price. But there is an order that, for example, a dealer in New Brunswick and a dealer, it may be in Toronto or Montreal or somewhere else, will have between them a specific price, while the consumer is left out at one end and the producer left out at the other. Perhaps I am wrong, and if I am, the minister will correct me; but if that is the case, then it seems to me that what the minister says about the central marketing agency having the control of this product for the purpose of marketing it in the interest of the producer is not a correct statement of the case. The marketing agency simply regulates the price as between two middlemen.

Mr. WEIR (Melfort): The marketing agency in this case differs fundamentally from the local board in this respect: the local board has no power to buy and sell and therefore has no power to fix prices, but it has power or authority to name an agent or agency to market this product.

Mr. RALSTON: No, it is the agency through which the dealer shall market the commodity, not the agency to market.

Mr. WEIR (Melfort): To market.

Mr. RALSTON: No, through which they shall be marketed.

Mr. WEIR (Melfort): They are marketed through this marketing agency.

Mr. RALSTON: May I just correct the minister? This is the distinction. The minister says that they have a right to appoint a central selling agency to market. That is not so. They have the right to appoint a central selling agency through which they shall market. The producer of potatoes, so far as I know, has the right to fix his price. He says to the marketing agency: These are my potatoes; I want you to market them according to quantity and quality at a price which I specify. He is told: You will have to take such and such a price. He replies: No, I will take the price I stated, because you are my agent and I will not have you, my agent, tell me what price I am going to get. That seems to me to be the position.

Mr. WEIR (Melfort): Does the hon. member in that statement refer to the action of a producer in selling his production?

Mr. RALSTON: The minister said that the marketing agency was acting for the producer. My contention is that it was not. But assuming that the minister was right and that the producer did deal with the marketing agency, I said that if it was acting for the producer, the producer was the one to fix the price. If it is acting for the dealer, then the dealer was the one who had the right to fix the price, because he is the principal and the agency is only the agent. Or if the central agency is the agent of the local board, then it has no power to fix the price because the board has no power to fix the price. All through this legislation from beginning to end there has been the idea that price fixing is not going to be authorized. I will ask the minister one question: Have there been any prosecutions against anyone under the potato marketing board for selling at a price contrary to that which has been fixed by what he calls the central marketing agency or any of those agencies appointed by the board?

Mr. WEIR (Melfort): My information is that there have been no prosecutions, but I beg to differ from the hon. member in the statement that the producer may take his product to the marketing selling agency—

Mr. RALSTON: He does not have to take it anywhere; he can sell it direct.

Mr. WEIR (Melfort): But he can take it, if he wishes, to the central selling agency or to subagents, and he can offer his product for sale at any price he wishes. That product can be purchased or otherwise at the price that is set. But on the understanding I have of the statute, the agent is named in this way, that the local board names the agent through which the marketing shall take place.

Mr. ILSLEY: I think in view of the discussion that has been had here this afternoon and evening, a most extraordinary situation has developed under this marketing act, and I want to discuss it for a few minutes because it is a matter of great importance not

only in the province from which I come but all over the dominion. The whole discussion of the marketing act last year was based upon the assumption that neither the dominion marketing board nor any of its agencies were to have power to set prices. The minister states that there is some ambiguity about the phrase "fixing prices". Let me make what I am speaking about very clear: I mean the setting by someone who purports to act as authority, of a minimum price below which the owner of the goods may not sell the product. I think that is clear.

Mr. WEIR (Melfort): Has the hon. member reference to the producer?

Mr. ILSLEY: The owner—producer, shipper or dealer.

Mr. WEIR (Melfort): There is no price fixed for the producer.

Mr. ILSLEY: Let us see about this. There are eleven schemes in operation under the approval of the dominion marketing board and the governor in council. Is that correct?

Mr. WEIR (Melfort): There are more than that. Two or three more have been passed lately.

Mr. ILSLEY: Then there are twelve or thirteen now. Is that correct?

Mr. WEIR (Melfort): Yes.

Mr. ILSLEY: Nearly all the schemes about which I have been able to get information are for the fixing of prices. There is one notable exception to that, and that is the scheme under which the export fruit board of the Dominion of Canada is operating. That scheme does not involve the fixing of prices; it involves dealing merely with the regulation of quality of fruit shipments, and with the qualitative regulation of fruit shipments I have been in accord and other hon. members on this side were in accord last year.

In Nova Scotia the only formidable criticism of the apple export scheme is that there is an unnecessarily complicated amount of machinery used in putting it into operation. I can hear the comment on every side that this should and could be done by regulation of the minister under the Fruit Act or under the Fruit Act as amended, but with the principle of qualitative regulation I think we on this side are in accord. I certainly am personally in accord with the principle; I want to make that clear at the outset.

When you move into the other sphere, that of price fixing, very important considerations arise, and it is amazing that an act which was erected upon a basis which excluded price fixing entirely should have been used in its operation as the ground for approval of a number of schemes the essential feature of which is price fixing. If the minister would kindly give me his attention, may I ask him whether the apple scheme in British Columbia —I am speaking about the Okanagan valley scheme—was not a price fixing one? Can he tell me whether that is so or not?

Mr. WEIR (Melfort): My information is that it is not.

Mr. ILSLEY: I have here the issue of the Vernon News, as it states, "the leading journal of the famous Okanagan valley", of Thursday, March 21, 1935. In an article headed "Shippers advise lowering of prices so that 1934 apples may not rot in valley storehouses", I find down in the middle of it this statement:

> Prices were out of line.
> To recite these facts is only to hint at the story that lies underneath. To understand, it is necessary to trace a portion of the history of the marketing of this crop. Last December the B.C. tree fruit board set prices which were changed on Saturday.

Did they set prices or not?

Mr. WEIR (Melfort): My information is that they did not set any definite price; that the shippers were not required to follow any price.

Mr. ILSLEY: Did they fix a minimum below which shippers could not sell?

Mr. WEIR (Melfort): My information is that they did not.

Mr. ILSLEY: I will continue reading:

> Very shortly afterwards shippers found out that in order to sell the crop, lower prices were imperative. In January these prices were being cut to make sales, the condition of the fruit being an important consideration. With the passage of time price cutting became general until it is believed that for the past month the pool bases as set by the board have been almost entirely ignored.

What I want to know is, did the board set prices? Did they set pool bases in the way of prices?

Mr. WEIR (Melfort): My information is that the board named what they thought should be the basic price at which the apples should be sold to cover the cost of production, I take it; but the shippers were in no way bound, because the board had no authority to fix that price.

Mr. ILSLEY: The minister's answer is that the board's action in setting prices was merely advisory?

Mr. WEIR (Melfort): Yes.

Mr. ILSLEY: That is not consistent with the tenor of this article. It goes on to say:

About six weeks ago the shippers met at Kelowna, discussed the situation and called in Messrs. Haskins and Barrat. These members of the board are reported to have referred to the movement as satisfactory and to have refused to move on prices.

I shall not go on reading the article, but I commend it to the attention of the minister, because that seems to be a circumstantial account indicating that the board did set prices, prices which were not set by the shippers. They were set in December; in January the shippers began to break them; in February the break was almost general, and in March it was complete, and the board then met and fixed the price at which the shippers were selling anyhow. That, as I understand it, was the experience in the Okanagan valley of British Columbia. Now, did the tobacco scheme involve the setting of prices?

Mr. WEIR (Melfort): No.

Mr. ILSLEY: We have the evidence of Professor Leitch before the price spreads committee that an agreement was entered into between the big companies and the growers of tobacco in Ontario fixing prices which the buyers would pay during the next three years —they were fixed rather definitely for 1934, with provision for variations for 1935 and 1936 —and that the buyers were licensed and were threatened with suspension or cancellation of their licence, either tacitly or expressly, if they did not pay those prices. So that in effect prices were set in that scheme through the instrumentality of licensing. Is that substantially correct?

Mr. WEIR (Melfort): I think that bears out the contention I made some time ago as to the ambiguity of the use of the term "price fixing." The hon. member stated, if I heard him correctly, that the growers themselves in negotiation with the buyers agreed on a certain price for the sale of their product. If any product is to be bought or sold there must be some price fixed, but that I take it would not come under what is generally understood as price fixing. It was just a matter of selling a product. Under this scheme they have the control of the product and sat in and negotiated with the buyers as to the price. I would think that is a legitimate sale.

Mr. ILSLEY: Perhaps it is perfectly legitimate, but I am asking whether my statement of fact is correct.

Mr. WEIR (Melfort): Yes, but I do not interpret it as price fixing.

Mr. ILSLEY: But my statement is substantially correct, regardless of the interpretation. Then my submission would be that the board, through the instrumentality of licences, was in effect fixing the price.

Mr. WEIR (Melfort): Was it not rather taking power to make certain that the buyers would live up to the agreement that they had made to pay a certain price?

Mr. ILSLEY: Yes, but through the instrumentality of licensing the board was practically keeping control over the price that was being paid for the tobacco.

Mr. WEIR (Melfort): An agreed-upon price. A contract was entered into to sell goods for a certain price—

Mr. ILSLEY: I am not arguing that point, but I say that is what happened.

Mr. WEIR (Melfort): But following the hon. gentleman's argument, in every case where an article is bought or sold, because the buyer and seller agree upon a certain price is it price fixing?

Mr. ILSLEY: But not by the board.

Mr. STEWART (Edmonton): But this was done by the board.

Mr. ILSLEY: I do not know about that. Now let us come to the third scheme, the potato scheme. There is no doubt that in that case prices were absolutely fixed.

Mr. WEIR (Melfort): I would not say that. That is again a matter of interpretation. An agency is named to handle a product, and in handling it it feels that the product is worth a certain price, as any other merchandising agency might do. If by charging that price, from the experience of a week or two or a day or two it concludes that they are preventing the movement of the goods to the consumer, they may change the price. The flour milling companies do the same thing, as do the motor car manufacturers; or any organization.

Mr. ILSLEY: The minister should not evade in that way.

Mr. WEIR (Melfort): I object to that statement. I am not evading; I am making a straight statement.

Mr. ILSLEY: I would say that all over eastern Canada where the eastern Canada potato marketing scheme was in effect, the board, whether through an agency or not, fixed prices and sent bulletins out to all dealers.

Mr. WEIR (Melfort): The board did not do it.

Mr. ILSLEY: What did the board do? That was the whole scheme.

Mr. WEIR (Melfort): The board named an agency to sell a product.

Mr. ILSLEY: Who fixed the price?

Mr. WEIR (Melfort): The agency. That is the job of an agent, to sell the product.

Mr. ILSLEY: The minister says the agency fixed the price and the board did not, but certainly it was part of the scheme.

Mr. WEIR (Melfort): No part of the scheme whatever. An agent or agency may be named to sell a product. They might just as well name half a dozen different agencies, but in this case one was named, and the job of that agency was to take this product and dispose of it. In doing that they would do what they considered to be in the best interests of the producer and also themselves.

Mr. ILSLEY: This agency was not the agent of the dealers or the producers in the sense that they appointed it their agent. It was an agent imposed upon them by the board.

Mr. WEIR (Melfort): What is the board? The board is the representative of the producers, everyone concerned.

Mr. ILSLEY: I am not arguing that; do not draw me off to these side paths. The board selects an agent or agency which is not the agent of the producers except in a fictitious or legal sense—

Mr. WEIR (Melfort): Not fictitious at all. Someone has to speak for the producers, and the logical spokesman is their own chosen board. The producers are represented on that board. Otherwise there would be no means of naming the agent.

Mr. ILSLEY: Now the Minister of Public Works and the Minister of Agriculture are both talking, but certainly neither one would say that apart from the act the agency or agent was the agent of any producer or dealer, because they did not appoint it their agent.

Mr. WEIR (Melfort): Who is the board?

Mr. ILSLEY: The board is a creature of the statute, of course.

Mr. WEIR (Melfort): Who names it?

Mr. RALSTON: The minister approves it.

Mr. ILSLEY: Yes, the minister approves the board that is selected and named by the producers, as representative of the producers' interests.

Mr. VENIOT: How did the producers select the agent?

Mr. WEIR (Melfort): In this case the board was named because of the emergency that existed. It was felt that to meet that emergency there was not time to go through the procedure of having an election to name this board. That organization that we considered most representative of the producers named this board. In that way they were, I take it, as far as could be, named by the producers, and therefore were their representatives.

Mr. ILSLEY: Certainly the agency fixed the price, and the farmers generally broke the price they fixed.

Mr. WEIR (Melfort): Could the hon. member sell any article without a price being named before it was sold?

Mr. ILSLEY: I am not objecting to the farmers and dealers fixing the price at which they would sell, but I object that this legislation was erected on the basis that the boards were not to have the power to fix prices.

Mr. WEIR (Melfort): The boards have not fixed the price. Any product that is sold must have a set price either asked or bid for it.

Mr. CAMPBELL: By whom?

Mr. WEIR (Melfort): By the person who owns or is in charge of it to sell it, or his representative, and that is what took place in this case—not a particle of difference.

Mr. ILSLEY: Now I want to come to this: Is there a domestic apple marketing scheme pending for the province of Nova Scotia? Is it under consideration by the board at the present time?

Mr. WEIR (Melfort): There is one under consideration.

Mr. ILSLEY: I noticed something in the press the other day to the effect that the board would receive representations for or against this scheme up to a certain date. What is that date?

Mr. WEIR (Melfort): My information is not certain, but it is suggested that it is June 15.

Mr. ILSLEY: Has any poll been taken of the persons interested in that scheme?

Mr. WEIR (Melfort): That would not be done until after these representations were received.

Mr. ILSLEY: Does the minister propose to take a poll after these representations have been received?

Mr. WEIR (Melfort): I could not tell until the conditions were laid before me. I do not really know the particulars of the scheme.

Mr. ILSLEY: It is a price fixing scheme, is it not?

Mr. WEIR (Melfort): I could not tell that. Until all the information has been collected by the dominion marketing board and placed before me I could not hazard an opinion at all.

Mr. ILSLEY: Just in conclusion I want to say two or three words about these price fixing schemes. I am not going to take any very high ground or base my argument upon any broad or general principles at all, but I want to submit to the minister and to the board that they ought to be exceedingly careful about setting up price fixing schemes, because that is what they are doing now and what they have been doing ever since they started to put this act into operation, though they said they were not going to do it.

Mr. WEIR (Melfort): I cannot let the hon. member get away with that, because we have scheme after scheme in which there is no price fixing at all, any more than providing for an agency which may ask a price for a product. You cannot sell a product otherwise.

Mr. ILSLEY: Yes, that is all there is to it. Under these schemes, when a body, whether it be a board or an agency, fixes a price and imposes that price upon the producer, very often the price will be too high to move the goods. I do not think it can be denied that this has been the almost universal experience of boards which undertook to set prices at which the owners of goods could sell those goods. If that price is fixed too high the result very often is that the goods do not go into consumption as quickly as would be the case otherwise, and when that happens very often you have left a surplus which does not go into consumption at all but which is left on the hands of the seller to spoil. That has happened in connection with potatoes.

Mr. WEIR (Melfort): Would the hon. member suggest, then, that any fewer potatoes, to any considerable degree, would go into consumption because of a difference in price of four cents per bushel, especially if the lower price were eight cents and the higher price twelve cents?

Mr. ILSLEY: I do not know about the difference in prices, but I say that I do not think you can get away from this principle, that if you fix the price a little too high, or even a little higher than the market would fix it, a smaller quantity of the commodity will be purchased. It practically always works out in that way. I am submitting now that there is great danger in these price fixing schemes for that reason alone. If the price is fixed only a little bit too high it becomes exceedingly difficult, if not impossible, to enforce the scheme, because the seller or producer who has on his hands goods for which he finds there is not a demand, or for which the demand is not as brisk as he thinks it should be so that he finds it difficult to get rid of them, is confronted with the temptation to take what he can get for those goods. Take for example a person who has apples on his hands, and the price is fixed at $3 a barrel. He does not get the business at that price. He has a competitive, perishable product, which comes in competition with other fruits and which will not keep. What is he going to do? There are only three courses open to him. One is to bootleg the product, as they have been bootlegging potatoes, and from what I can gather from this British Columbia paper that is substantially what they did there in connection with apples and that is what a great many people will do. Another alternative open to him is to get the board together in some way or other and see if they will not lower the price a little to everyone so that he can sell his product. That is slow and cumbersome, and it is very doubtful if the board will act soon enough to enable this man to get rid of his product. The third course open to him is to keep his product and let it spoil.

Those are the alternatives open to the man who is the owner of a perishable product, under a price fixing scheme such as this. I think that is very clear, and I would suggest to the gentlemen who are administering this act that they should be exceedingly careful in connection with their price fixing schemes or they will drive the natural producers of this country into a wholesale bootlegging of natural products, as they have done up to the present time. They are doing it now. It is an amazing thing that there have been no prosecutions under this potato scheme.

Mr. WEIR (Melfort): Does the hon. member suggest that under the potato marketing scheme at the present time the producers have been forced into bootlegging because of price fixing?

Mr. ILSLEY: I do not think they are bootlegging to-day but certainly they have

been bootlegging during the winter months, and no one knows it better than the Minister of Agriculture. There have been no prosecutions, and apparently no prosecutions are possible because the price fixing provisions are illegal. It was a revelation to hon. members of this house, I think, to hear the cross examination to which the minister was subjected by the hon. member for Shelburne-Yarmouth (Mr. Ralston) during which he elicited the fact that the opinion of the Department of Justice had never been obtained in connection with these price fixing features. It is an amazing thing that the board should have been putting into effect what purported to be schemes that apparently have no legal authority behind them, and there is no reason to believe they have any legal authority. Are they going to continue to do that, or are they going to find out just what they can do? Are they going to make a farce of the whole thing? The person who suffers is the loyal, law-abiding man who tries to stick to the scheme; it is not his neighbour who bootlegs his products. All over the country a great many people think that if a scheme is put into effect it has the force of law; that is how they regard it. It has not the force of law; the neighbour of the law-abiding man can violate the scheme with impunity. That has been done in the past. Unless the whole operation of the marketing act is going to be child's play the minister will have to put it on a different basis.

Mr. WEIR (Melfort): In reply to the hon. member for Hants-Kings (Mr. Ilsley) may I say that never have I felt so much regret because I have not the legal training to make such a lengthy statement based on something quite impractical. The hon. member has stated nothing that is not well known with reference to the sale of a commodity. He has said that if the price charged for a commodity is too high in comparison with the prices of other products that may replace it, or too high for the consumer who may wish to buy it, it will interfere with that commodity going on the market. I am sure the gentlemen who form these local boards are well aware of that fact. Every person who has given any thought to the principles of marketing knows that, and that is the one thing these people have had in mind.

In connection with the potato scheme, due to a very abnormal crop throughout the whole of eastern Canada, and due to the realization on the part of every person that this great surplus existed that could not be consumed, the price broke to a point at which the producer was not receiving anything worth while for his product. But surely the hon. member would not put himself on record as saying that increasing the price of potatoes, especially potatoes of the higher qualities, from eight cents to twelve cents or thirteen cents would in any material way affect the supply of that product going on the market. That is a question of business judgment.

Mr. ILSLEY: I do not know about that, but I know that the principle is of pretty general application that if you raise the price of apples from $2.50 to $3 a barrel it affects the sale of the apples.

Mr. WEIR (Melfort): This is a question of the collective business judgment of several men; it is not the judgment of an individual producer but of an organization which has been selected by the producers, men who have their confidence. It is not something imposed upon them. These men do this themselves; they name the agency which they think is best qualified to handle their products in the best possible way, and to put them on the market. And in order to put any product on the market some price must be asked for it. If we could imagine that these men, who are so closely in touch with these problems and the difficulties with which they have been confronted, would be so foolish as to raise the price from eight cents to seventy-five cents a bushel, I agree with the hon. member that it would be an entirely different story, but we do not expect sane men to do things like that, and these are the men vitally interested in these matters.

Mr. RALSTON: The minister seems to have missed the point made by the hon. member for Hants-Kings, which I think is most important. If he is going to have price fixing regulations surely those price fixing regulations must be such as are enforceable, and not such as can be evaded by the man who is either able to get legal advice or who has nerve, courage or boldness enough to tell the minister or tell the board that he does not care what regulations are made. What has been happening, I am sure, is that the man who is honest and who wants to play the game is being penalized and has to hold his potatoes, while his neighbour is selling his at five cents or ten cents below the price and getting them off the market. The reason is that at the present time the minister has in force a scheme of very doubtful validity. Even without a legal training I hope the minister will understand that point. I am sure members of the government sitting near him, if he does not accept my statement, will tell him I am correct. I submit that

in the interests of Canadian producers he could not do better than to follow the method adopted by the Minister of Justice, who did not feel ashamed or humiliated in connection with certain amendments to the criminal code in seeking the advice of Mr. Tilley and Mr. Geoffrion. In that way the minister could find out whether or not the scheme holds water.

I point out to the minister that his local board has no power to fix prices. That point has been admitted in a letter written by the secretary of the local board to the hon. member for Comox-Alberni (Mr. Neill) who drew my attention to it during the recess.

Mr. WEIR (Melfort): We have agreed to that to-night.

Mr. RALSTON: The minister agrees to that; very well. The local board has no power to fix prices. The local board has power to designate the agency through which dealers may market their product. Is that getting us any farther? Does that mean to say that the agency may designate a price when the local board may not? The very essence of the thing is that prices were not to be fixed. I submit that this is the most barefaced, transparent, unsound and unstable scheme one could possibly imagine. The point is this: The local board have gone through the form of what they describe as designating an agency through which potatoes are to be marketed. That is, there is nothing more than the writing of a man's name into an order and saying, "This is the agency through which potatoes shall be marketed." What action does that man take in connection with the marketing of potatoes? Does he sell potatoes on the Montreal market or does he go to the dealers and purchase potatoes? No, he does not do that; he sits in his office and issues an order in the following form:

To all representatives: The following are the minimum prices for Green Mountain potatoes (Cobblers 5 cents per bag less except at Halifax) effective February 25, 1935, at which you are to sell potatoes produced in New Brunswick, cash track on the following markets.

This is signed

G. C. Cunningham, marketing agency.

Designated by whom?

Designated by the eastern Canada potato marketing board—

—a body which cannot fix prices. Can anybody suggest that by this action the local board is not trying to fix prices?

Mr. WEIR (Melfort): Is it the hon. member's interpretation that where a statement is made to the effect that the local board may name the agency through which the product may be marketed, the agency named by the board cannot buy, sell and actually market?

Mr. RALSTON: I am talking about the scheme the minister has before him. Let us deal with a scheme in which the agency actually buys, sells and markets, when we come to it.

Mr. WEIR (Melfort): But that is not the point.

Mr. RALSTON: I am sticking to the particular potato marketing board, not some imaginary board the minister may have in mind.

Mr. WEIR (Melfort): I have no imaginary board in mind.

Mr. RALSTON: That is the only one I am talking about.

Mr. WEIR (Melfort): Is it the hon. member's interpretation that they may name the agency through which the marketing may take place? Does the hon. member understand that the agency named may buy and sell the product?

Mr. RALSTON: No.

Mr. WEIR (Melfort): That was my understanding.

Mr. RALSTON: No, I am saying that it is an agency through which the dealers may sell.

Mr. WEIR (Melfort): But the agency itself might buy and sell.

Mr. RALSTON: No. Potatoes are being bought and sold, and the dealer is doing the buying and selling. He is doing it through that agency. That is the turnstile through which they are to go. Even supposing the agency itself is doing the buying and selling and fixing the price, that is doubtful enough, but if all the agency does is to issue an order to people in the province stating, "You are to sell potatoes at such and such a price," I do not believe even the minister, with the lack of legal training he speaks of, would assert that that was sound.

Mr. WEIR (Melfort): I appreciate my lack of legal training, especially in a matter like this. Because my understanding is very definitely that this agency named has the power to buy and sell.

Mr. RALSTON: I understand the minister; but let us leave that to one side.

Mr. WEIR (Melfort): That is the point at issue.

Mr. RALSTON: No, it is not. This agency is not buying and selling; it has never bought a solitary potato, nor has it sold one.

Mr. WEIR (Melfort): That depends on the understanding of the hon. member as to the functions of marketing.

Mr. RALSTON: No; if the minister will permit me to say so I am using the words "buy and sell." Those were the words used by the minister. I say this agency has neither bought nor sold. All it has done is to issue an order to a lot of dealers in New Brunswick telling them, "You are to sell at such and such a price." Then, when the dealers have themselves made the sale, the board says "send to the agency the invoices under which you sold those potatoes." There is no suggestion that this agency itself has bought and sold; that is some imaginary board which the minister must have in mind.

I submit there is no foundation for a scheme wherein an agency is simply a dummy, a body issuing an order to people throughout the province. The sale is made between a dealer on the one hand in the province and a purchaser somewhere else on the other. The minister may evade—or if he likes the word better, he may avoid—the question put to him by the hon. member for Hants-Kings, but this is nothing less than a local board trying by subterfuge to fix prices, and under the act the fixing of prices was not authorized. It may be that if done properly the fixing of prices may be good policy. The hon. member for Hants-Kings has indicated principles which he thinks ought to be observed, if the fixing of prices is to be resorted to. If the board or the agency is to fix prices, this parliament ought to have an opportunity to say whether authority to do so is to be given. But if the minister receives advice that the marketing agency has power to fix prices I believe he will also be advised that this method of doing it, namely one whereby a piece of paper is issued to dealers, is quite illegal. The result is that the fellow who wishes to cut below the named price does so and nothing can be done about it and the man who tries to observe what he thinks is the law is left with his potatoes on his hands. That is not a fair position; and it is one which the minister ought to correct immediately by seeking advice as to the legality of this whole procedure.

Mr. NEILL: A week ago to-night when this subject was under discussion the minister referred to some schemes which had been rejected by the board, one of which was a scheme for the regulation of the marketing of butter for export. It struck me that that was a very desirable scheme and one which contained all the elements of success, particularly in view of the multiplicity of conditions which arise in the domestic market, especially bearing in mind the fact that the exportable surplus of butter is small. Yet that exportable surplus sold on a foreign market very often sets the price for the domestic market. A great many of the butter producers have looked towards a scheme which would regulate and feed the product on to the foreign market at the right time and place. Last night I asked the minister why it had been rejected and he told me he had not the information at hand, but that he would obtain it and give it to me later on. Is he now in a position to give me that information?

Mr. WEIR (Melfort): The scheme I take it was to this effect, that responsibility should be taken for the disposal of certain amounts of butter in storage. Now in order to declare that that butter should be removed from storage for export some provision would have to be made to make up the loss sustained by the selling of the butter on the world's market at a price less than the domestic price, and no adequate provision in that respect was set out in the scheme. That was one of the grounds upon which the board turned it down.

Mr. NEILL: Who were the promoters of the scheme, and whom did they represent?

Mr. WEIR (Melfort): They represented dealers, I believe, chiefly; the names were submitted through the National Dairy Council.

Mr. NEILL: They are not dealers, are they? Is the National Dairy Company a dealer?

Mr. WEIR (Melfort): The National Dairy Council, I said.

Mr. NEILL: I understood the minister to say that the scheme fell down because there was no provision made for taking care of the loss sustained by selling the butter. How was it determined that there was to be a loss?

Mr. WEIR (Melfort): It was a long and rather involved scheme, and my information is that there were a number of reasons why the board did not approve of it. I understand that this is more or less a confidential document we have in front of us, but so far as possible I shall be glad to set out in detail for the hon. member's information the scheme and the objections so far as they are set out here by the board. The board found the

scheme lacking on a number of grounds. Another question was whether or not the scheme should be proceeded with before further opportunity was given to the combined dairy interests to submit a scheme that would take in the whole dairy industry. I shall be glad to give the hon. member more information but I regret I have not got it with me to-night.

Mr. NEILL: There is just one other matter I wish to refer to. We were discussing it last night when the house adjourned. The discussion brought up a ruling given by the Saskatchewan court of appeal and the minister interjected into my remarks that "that case did not refer to the provisions of the marketing act; it had nothing to do with the marketing act," and I replied "I know that." But I spoke too soon. I did not mean to say that it had nothing to do with the marketing act, but that it had nothing to do with the marketing act directly. The minister must surely admit that the case was a very clear one, and that it did strike at the very root of the marketing act. The actual case was brought up under the Live Stock Act, but the point was that this appeal court decided that this system of trying to pass enabling legislation was ultra vires. I have the case in front of me here. It is reported in the Western Weekly Reports of May 4, at page 34. It is the case of Rex versus Zaslavsky. It appears that he is a dealer who bought some cases of eggs and did not comply with the regulations made under the Live Stock Act of this parliament. The case was appealed and a stated case was presented to the court, asking three specific questions: (1) Whether the Live Stock Act of Canada and the regulations thereunder were valid and binding on the accused; (2) if not, were they valid and binding on the accused by reason of the Live Stock Products Act passed by the Saskatchewan government; (3) was the governor in council empowered under the Live Stock Act of Canada to enact prohibition in regard to purchasing of eggs as contained in clause 9 (4) of the regulations. I have put the questions briefly in my own language. The answer in the case of the first two questions was no, that both the act and the regulations sought to be enacted by the Dominion of Canada were ultra vires, and so they were under the provincial act.

The minister I think said last night that I would find if I looked at the case that the objection taken was to the manner in which the enabling legislation was passed, but I think the language used was that customary in all these cases. The judgment said:

> It was provided that any provision of the dominion act ... within the legislative authority of the province, and outside that of the Dominion of Canada, shall have the force of law in Saskatchewan, and, unless otherwise enacted by the legislature of Saskatchewan shall be and remain in full force and effect therein to all intents and purposes whatsoever, until the same is repealed by the dominion parliament.

Then in the article there is this remark:

> This phraseology is used in nearly all provincial enabling statutes.

I believe that that is practically the language generally used. Well then, if it has been decided, although not of course finally because no doubt the case will go to the privy council, by an appeal court in the province of Saskatchewan that this system of passing enabling legislation is all wrong and ultra vires, I ask the minister and his officials whether that does not strike at the very root of the marketing act when it is admitted that we here have not sole jurisdiction nor has the province, and we try to get around it by passing enabling legislation. I think the province of British Columbia passed legislation along somewhat similar lines. If the only legal decision up to date of any value going beyond magistrate's court is the one I have just cited, and that cannot be denied, what is the advice of the minister as to the legal status of the marketing act?

Mr. WEIR (Melfort): In the first place, Mr. Chairman, I have no advice to give in that connection. What I had reference to last night was that this was dealing specifically with the marketing act. The judgment given found the court divided.

Mr. NEILL: With the chief justice siding with the majority.

Mr. WEIR (Melfort): Yes. The case has been brought to the attention of the Department of Justice. I think everyone who has given any special attention to the question of a lot of this legislation, and the benefit of it while it has been in operation, realizes that it is a matter of the very first concern that all these acts do operate to a certain extent on the basis of enabling legislation. Under the marketing act there are certain things that can be done without enabling legislation of the province, but they may not be as complete and effective as if enabling legislation were passed. The matter is, as I stated before, under advisement by the Department of Justice. What their opinion is I do not know. I do not think they have come to a decision yet.

Mr. NEILL: In view of that does not the minister think it would be wise to have a close season on starting any more of these schemes until we get the opinion of the Department of Justice? Is it not better to go slow in starting any more schemes? We have thirteen on our hands now of doubtful validity, and it might be a good thing to have a close season for a little while.

Mr. BEAUBIEN: If the producers of a natural product have voted on a scheme, can another scheme in regard to that product be voted on within a certain period?

Mr. WEIR (Melfort): Another scheme might be voted on at any time, depending on the scheme itself and all the circumstances.

Mr. BEAUBIEN: I had in mind Manitoba particularly. The people there voted against the scheme that was proposed to them by the egg and poultry pool. As the minister knows, they voted strongly against it because the producers of that product in Manitoba are against the compulsory features of the act and in the scheme as it was presented to them. Suppose another scheme is presented with compulsory features; I hope that the minister will be very reluctant about adopting a scheme which will inconvenience the people of Manitoba in connection with that same product, putting them to the trouble of voting again. I believe there are three members on the dominion marketing board. Am I right?

Mr. WEIR (Melfort): Five.

Mr. BEAUBIEN: I understand that in voting on these schemes there are two official languages, and I wish the minister would instruct the board that when they are taking a vote on any scheme in my riding, where there are many producers who do not understand English very well, he will see that the two languages are used so that it will be satisfactory to the people. This was not done on the last occasion.

Mr. WEIR (Melfort): Some schemes were printed in both languages and every care is taken to provide for those who spoke only French, or spoke French with greater facility than English. As regards the printing of the ballot in French, this was not done, but I agree with the hon. member that in cases such as this it might be made available in both languages when desired.

Mr. VENIOT: The other evening I referred to the pegging of prices, and my information, according to what I saw in the press, was that it had been abolished, that there was no pegged price now for potatoes. Is that correct?

[Mr. R. Weir.]

Mr. WEIR (Melfort): That is correct.

Mr. VENIOT: On whose recommendation was the practice of pegging the price of potatoes abolished, and when was it abolished?

Mr. WEIR (Melfort): On the advice of the advisory body of producers, on the first of May.

Mr. VENIOT: I understand that Mr. Cunningham of New Mills, New Brunswick, is the agent of the board. I see by the Royal Gazette that his address is given as New Hills; it is New Mills. What has he received in the way of compensation since he has been acting from, I believe, the first of January last, and from whom, and in what manner has he received it?

Mr. WEIR (Melfort): That would be decided by the local board. I have not the information here, but I shall be glad to get it and send it to the hon. member.

Mr. DONNELLY: Are any of these schemes in operation at the present time in Saskatchewan?

Mr. WEIR (Melfort): No.

Mr. DONNELLY: Will the minister tell me whether he has had any applications from the wheat growers to bring wheat under the scheme?

Mr. WEIR (Melfort): I am informed not.

Mr. DONNELLY: Last night, speaking on this bill, the hon. member for Dufferin-Simcoe (Mr. Rowe) went out of his way to deliver a campaign speech and he was allowed a great deal of latitude. I have no fault to find with that, but I expect to have the same privilege extended to me in discussing some of the subjects he dealt with. Some of the things the hon. gentleman said I heartily agree with. For example, he referred to the critical position of agriculture at the present time, and I absolutely agree with him. The agriculturist is indeed in a critical condition throughout the dominion wherever I have been, not only in the west but in eastern Canada as well. I agree with him also when he says that unless agriculture is made prosperous no industry can prosper. We are not yet out of the depression, and until agriculture is put on a sound and prosperous basis once more the country at large will not be prosperous. When the hon. gentleman says that Canadian agriculture must be made prosperous once more if Canadian industry generally is to return to prosperity, I heartily agree with him; but immediately after that, or at any rate during his speech, he began to advise the farmers of the west how to farm. I take

issue with him there. Let me tell him first of all that the man who comes from the east, even though he may be a good farmer, will find it necessary to live in the west for one or two years at least before he knows how to farm—yes, before he knows how to farm.

Some hon. MEMBERS: Oh, oh.

Mr. DONNELLY: It is all very well for you to laugh, but I have seen better farmers than you come out west and they have discovered after two or three years that at first they had not known how to farm. I have farms in three or four different parts of western Canada and in no two sections do I farm land in the same way. In some places the land has to be farmed with a view to the consequences of drought; in other places the farmer has to take preventive measures against frost; in other sections again the land has to be farmed so as to keep down weeds, and so on. And when you come from eastern Canada knowing nothing about the conditions in the west and presume to tell us how to farm, well you have another guess coming. There are no better farmers anywhere in this world to-day than the western farmer, nor more intelligent. He knows how to farm, and he has taken the best methods of farming his land. All he wants, and he is demanding it, is that eastern Canadian industry shall get off his back and give him a chance to live. Get off his back and give him a chance to get along, and he will do so without subsidies or any help in the form of marketing schemes. He does not need these things. The hon. gentleman spoke about bonuses given to farmers, how they bonused them to the tune of $20,000,000 or $25,000,000 in connection with freight rates, or something of that sort. Let me remind him that we paid in Saskatchewan in the year 1931 the sum of $29,000,000 in order to keep up Canadian industry. That is to say, we paid $29,000,000 more than we should have paid for the goods we purchased in the west, all on account of tariffs and other restrictions put on against us which prevented us from importing the things we needed. Not that we paid that duty; I do not mean that. I mean that we paid that much more to industry in Canada for our goods because of the duties and the restrictions which were imposed upon us. We were unable to buy in the cheapest markets, world markets, but had to buy under the conditions laid down by these tariffs and restrictions. Again I say, get off our backs and let us have a chance; let us buy these things in the open market. Some of you say that you have low tariffs, that the Liberals had much higher tariffs than the Conservatives.

An hon. MEMBER: Sure.

Mr. DONNELLY: Sure they did; and I suppose you will tell them at the same time that you reduced the tariff on liquor from $10 to $5 a gallon. And to make up the difference, what did you do? You put two cents a pound on sugar, and then you reduced it to one cent—you were ashamed of yourselves. Now we need money in this country, and if people want to drink liquor they have a right to pay a duty to the government. But when you put it on a necessity such as sugar and take it off liquor, a great deal of explanation to the people throughout the country is needed.

You did the same thing with cigarettes, and then you thought: Well, the fellow in the backwoods is so poor he has begun to roll his own, and so you went to work and put a tax on the paper, but you did not put it on the paper that the Imperial Tobacco Company is using; you let them go free. The poor fellow in the back concessions who buys his paper to roll his cigarettes has to pay the tax, while the poor Imperial Tobacco Company that is so hard up that it is paying $25,000, $35,000, $40,000 a year to nincompoops and then on top of that paying bonuses of $25,000 or $30,000 a year, is let off easily because it is too bad to hurt such people! That is the policy of the government all the way through.

Somebody suggests: What about matches? When this government came into power the price of wheat stood at ninety-six cents to $1 a bushel and the index price on matches at that time stood at 72 and a fraction; but in 1933 the price of wheat had dropped to forty cents a bushel while the index price on matches had gone up to 76. Was that not too bad? I wonder who are interested in matches. This year the government were afraid that the people were not using enough matches, so they put a tax on two-bit lighters. The man who buys a two-bit lighter has to pay the extra ten cents; they wanted to drive him to using matches instead of lighters. That is the situation which exists in Canada to-day, yet the government says: How solicitous we are for the poor man on the back concessions! They try to tell us how they are helping out the farmers, the poor people. They come here with a claim

of this kind as they did last night. Let me say that not only is the tariff a cause of our losing markets and prices, but the policy of this government with regard to sound money has caused the farmers of this country to lose hundreds of millions of dollars in the last four years; let us not make any mistake about that. That has been the result of this foolish policy of sound money. Hon. members may laugh, but there is another story to that.

In October, 1932, the English pound stood at $3.60, and if I went over to the old country with a steer and got £10 for it, when I took that home I had $36. When President Roosevelt came into power and the United States went off the gold standard and reduced the amount of gold in their dollar to sixty cents, our dollar came on a parity with the English pound. What happened? If I go over to England with a steer to-day and get the same £10 for it, when I get home I have $48. Why were we not on a parity with the English pound all the way through? Why did the government put it on a parity with the United States dollar? Why did they send $50,000,000 in gold over there in 1932 to try to keep our dollar on a parity with theirs? Why did the government borrow $60 000,000 in order to try to keep our dollar on a parity with the United States dollar? Why? Because in this country there were rich men who had borrowed money in the United States and the government were looking after them and not after the poor man on the farm. It was a case of: Let the farmer pay.

Now they see an election coming and the government are solicitous for the farmers. My hon. friends are going out and crying what they are going to do for them. But that sort of thing is too late; it is no good. Even to-day our dollar should not be where it is. Who are the people with whom our farmers have to compete? They have to compete with Australia and the Argentine; those are the two agricultural countries with which our farmers have to compete. Our money should be on a parity, practically speaking, with that of Australia, and it would be if we had a proper policy in this country. The trouble is that we got some foolish notion that we had to have a balance of trade, a favourable balance of trade. Of all the foolish things that any economist ever heard of, it is this favourable balance of trade! All it does is to keep the home money as high as possible; that is all it does. What we should have is lower tariffs all the way through. Then let our dollar go where it will; let imports come in; then the value of our dollar will drop and in no time we shall be on a parity with Argentine money and Australian money; we will be getting the same as they are. What do we find? When I was getting $36 for that steer, the man from the Argentine was coming along with the very same kind of steer, selling it in England, getting the same £10, and then when he brought that money home, he got not $36 but in his money the same as $64. Our dollar to-day is worth practically only sixty cents in gold, not a dollar in gold as it was before. Do hon. members know any difference in the dollar to-day from what it was before? Not a bit. Does the man in the Argentine know any difference in his money from what it was before? Not a bit. Does the man in Australia know any difference in his pound from what it was before? Not a bit. The Australian, when he was selling the same kind of steer in England, getting the same £10 for it, when he took the money home was getting, not $36 but $60 in his own money. To-day when we are getting $48, the man in Australia is getting $60 and the man in the Argentine is getting $64, but this government are asking the people of this country to compete with those others. Is that fair, right or just? My hon. friends know it is not, but that is their policy all the way through.

Take down our tariff walls; let our money come down on a parity with the English pound. Why should we have the highest money in the world? Practically speaking we have the highest money in the world, and it has been at the top all along. The result is that it is crucifying the exporter all the way through; whether he be a farmer or a manufacturer, or whatever he may be, he is the man who has to pay the shot. This is the policy that this government has had and that has brought our farmers to the condition in which we find ourselves at the present time.

The stock argument of our Conservative friends apparently seems to be: See how markets were all lost under the Liberal government. The Minister of Trade and Commerce, speaking in the house, told us about the restrictions placed against Canadian products in 1921, 1922, 1923, 1924, 1925, 1926, and so on. All I want to say to him in the way of argument is this: If you look at the statistics for 1921 you will find that the trade of Canada amounted, in round figures, to $1,600,000,000; but if you look at the year 1929 you will find that it was $2,400,000,000. During that time Canada enjoyed greater prosperity than she ever enjoyed before; I defy anyone to contradict that statement. Where did we get the

trade? We were the only country in the world at that time that had reduced tariffs; every other country had raised its tariffs; but in spite of that, Canada's trade increased by leaps and bounds until we became the fifth trading nation in the world. Then this Conservative government came in, and what happened? They raised our tariffs against other countries and immediately our trade began to fall away. We find that in 1932 it had gone down to $950,000,000, whereas in 1930 it had been $1,900,000,000. In 1933 it was about $950,000,000. From being the fifth trading nation in the world we fell away until we became the eleventh through the policy of this government. Yet they try to tell the people that under the Liberal government Canada lost all her markets. What market have we had for our wheat within the last few years? Our chief market has been England, but that market has been and is being lost day in and day out by the policy of this government.

Mr. LUCHKOVICH: May I ask a question? If our tariff were wiped out—

Mr. DONNELLY: You make your speech later.

Mr. LUCHKOVICH: Even if our tariff were reduced to zero would that restore our markets?

Mr. DONNELLY: I do not know what the hon. member is talking about; I did not hear him so I cannot answer him. I say that the only open market we have, the market that has remained open for many years, is the English market, but day after day and week after week that market for our wheat has been lost. Why is it that Argentina has been able to increase her sales of wheat to England month by month during the past year and yet we are told that under our Ottawa agreements she must pay six cents a bushel duty before she can unload? Argentina has increased her exports to England while ours have gone down. Yet they tell us the Liberals lost it all. Let me tell you that the duty is of no account so far as France or Germany or certain European countries are concerned, because they are not allowed to import wheat except as they export some. For every bushel they export they are allowed to import a bushel, and they take Canadian wheat generally speaking because it is the strongest and best. Look at our exports to France and Germany and those countries to-day.

Mr. MacMILLAN (Saskatoon): Those markets were all closed to us when we came into office.

Mr. DONNELLY: Yes, I am telling you that, and are still. But we are selling to them practically as much as we ever sold because they have to have our wheat, and when they export a bushel they are allowed to import one free of duty. That is the only wheat they are allowed to grind in those countries. So it is restrictions as well as duties that block us. In most of those countries the restrictions mean that they have to use one hundred per cent of the wheat they grow themselves in order to make the flour they use, but if they bring in wheat in exchange for their own they are allowed to grind that.

As far as exporting cattle is concerned, England is too far away from us in western Canada. As to the export and sale of butter, certainly we are selling more from western Canada than we ever sold, and we are making more. Back in 1920 to 1930 the people were so prosperous that they did not bother to sell butter; they used it for their cooking. To-day they are selling the butter and using dripping; they have to because they are so hard up. They have to do almost anything to make a nickel. This is a nickel government, that is what it is. Talk about a five cent piece; this government looks like a nickel! Well, the people of Canada figure it is time they called it quits and gave the people a chance to operate, and when they do it will be just too bad. They will never get over the operation; they will die on the table.

In conclusion I will just say that when this government came into office there was a state of unemployment, and it was claimed that in the dominion there were about 117,000 people unemployed.

An hon. MEMBER: What about the marketing act?

Mr. DONNELLY: We are told continually by hon. members on the other side of the house that Canada has stood the depression as well as any other country. What about our unemployment? Surely that is the index. Well, in 1929 we had 117,000 and now we have about a million on relief. Five countries in the world have reduced their unemployment until to-day it is less than twice what it was in 1929. Those five are England, Australia, Japan, Sweden and Belgium. What about ourselves? As I said, we had 117,000 unemployed when this government came into office and now we have over a million people on relief. I do not know whether that takes into consideration our farmers in western Canada; I do not think it does. In my district ninety-eight per cent of our farmers are on relief. I do not know that any govern-

ment could affect that; I do not think they could, because it is due to climatic conditions. We hope and trust that this year we shall have a crop, and the prospect seems good. But what are we going to do with it when we get it—a crop of perhaps four hundred to five hundred million bushels, when this government has not been able to market a crop of two hundred to three hundred million in the last five years? We have not had normal crops ever since they have been in office, but year after year our surplus has piled up. What can this marketing act do for us? We had a vote on it in western Canada, and the people in my district almost to a man voted against it. They had a recollection of the operations of a poultry pool down there, and this pool had a monopoly. They came in there and gathered up the eggs and paid the farmers five cents a dozen. Suddenly some trucks came in and began to compete, and then what did we find? We found that the moment they began to compete the price of eggs shot up within one week to nine or ten cents. Those people said: We do not want any cooperative having a monopoly on eggs and poultry, because this is what will happen if they ever get this marketing act applied. They claim that the overhead is too great. If, for example, a man is getting $7,000 a year as the head of the pool and we are selling eggs at five cents a dozen, it will take several loads of eggs to pay his salary. It is going to be hard on the hens.

Mr. SMITH (Victoria-Carleton): What about the turkeys?

Mr. DONNELLY: Yes, we have turkeys.

An hon. MEMBER: What about the geese?

Mr. DONNELLY: The turkeys are bought and crated and shipped under the pool. I was there and saw them myself being loaded in the car, the finest turkeys in the world; do not make any mistake about that. For the best turkeys, specials, we received nine cents a pound back there; for A grade we received seven cents; for B grade, six cents, and for C grade, four cents. We boxed them and sent them to England. We sent our Prime Minister and another bird over there to look after the marketing. He came back and they told us in the House of Commons that we had received the best price ever for our turkeys, that they brought thirty cents a pound in England. The farmer received ten cents. Where did the rest of the money go? It all went in overhead. In these cases the overhead is absolutely out of reason, and that is why the people are against these things. They do not want monopolies; they want competition of some kind, because they claim that competition will bring them a better price than any monopoly.

Mr. LUCHKOVICH: Just a short time ago I asked the last speaker a question in what I thought was a very gentlemanly manner, but he answered me in such an uncalled for way that it calls for a speech on my part, and I did not intend to make a speech. The hon. member introduced the tariff element into this discussion. Possibly that has not so much bearing on the Natural Products Marketing Act as we would like it to have, but it was mentioned by the hon. member for Dufferin-Simcoe (Mr. Rowe), the hon. member for Melville (Mr. Motherwell) and the hon. member for Willow Bunch (Mr. Donnelly). I asked the last speaker whether he thought that by lowering the tariff on all the items in the schedule we would restore our lost markets and find new markets for our wheat. When I asked that question the hon. member for Willow Bunch said I did not know what I was talking about.

Mr. DONNELLY: Pardon me; what I said was that I did not know what you were talking about. I could not hear you.

Mr. LUCHKOVICH: I spoke quite loudly. Possibly the hon. member for Willow Bunch wanted to be conveniently deaf at the time I asked that question, because it is indeed pertinent to the subject he discussed. Up in my district farmers are asking that question every day, as to whether a lowering of the tariff would restore the European market for our Alberta wheat. According to my recollection, in 1929 a binder cost just as much as a binder costs at the present time, so out there we do not feel that the tariff has done as much for the farmers as the hon. member for Willow Bunch and others who hold the same views would like us to believe.

There are gentlemen in my district who are telling the farmers that if they elect a Liberal government not only will the old markets be restored but new markets will be found. I wonder where they are going to find new markets at the present time. Are they going to send that colossal genius Bob Deachman, who I understand is a candidate in one of the Huron ridings, and the hon. member for Weyburn down to the Fiji islands to teach the natives there how to bake bread? Are they going to send the histrionic member for Vancouver Centre to inveigle them out of their present food habits? Or are they going to employ the editorial pen of the lugubrious

gentleman from North Battleford to stop the Chinese raising rice and make shredded wheat and pancakes all the rage in that country? For the life of me I cannot understand where they are going to find these new markets. The hon. member for Melville well said that there is a glut on all the markets, that there is a surplus of wheat throughout the world at the present time which has prevented us from sending our Canadian wheat to the European market. If the other members of the party to which the hon. member for Melville belongs would only say that on the stump instead of promising that when they get into power mushrooms will grow under every blade of grass and this country will be with milk and honey blessed, I think we would be much further ahead than by listening to outworn arguments such as the free traders are preaching throughout the country at the present time

I believe there is an essential difference between Conservatism radicalism and Conservatism liberalism. I did not rise either to praise or to bury the government that introduced this marketing act. Personally I feel, like the hon. member for Melville, that this is a step in the right direction. Perhaps mistakes may have been made in certain particulars, but I certainly feel that it is a step in the right direction. It has been introduced from the point of view of what I have designated as conservative radicalism, and as between that and conservative liberalism I prefer the conservative radical application of the act as it is now presented to the House of Commons. After all, what is radicalism? It comes from the word "radix", which means the root. In other words radicalism means nothing more than going to the root of the problem, and I feel that this Natural Products Marketing Act goes to the root of the problem at the present time. I do not believe in the methods of those political dinosaurs and dodos who live in an age that is past, who still believe that by a policy of laissez-faire we can restore prosperity to this country. We are living in a changed world; there is no question about that, but they still chant the old slogans and apply them to new policies, and the thing is absolutely impossible. The farmers of my part of the country feel that we must approach this problem from a more radical point of view, whether that point of view be conservative radicalism or the point of view that we in this corner of the house have expressed. As a member of the United Farmers of Alberta I should like to go into the matter a little more radically than the government have done up to the present. Economics and government must be brought into better co-ordination.

I cannot see, as some members of this house claim to see, that we are going to restore prosperity by some system of lowering tariffs. That is not enough. Certainly I will vote for any reduction in the tariff. When the hon. member for West Edmonton (Mr. Stewart) introduced a resolution calling on the government to lower or remove the duty on farm implements and machinery I was prepared to vote for that resolution. I was quite surprised, however, when in one breath the hon. member defended low tariffs and in the next breath said, "Well, this might not bring about any lower prices of machinery because of the system of combines that we have in this and other countries, which will prevent any decreases in the prices of machinery." Well, why not be practical about it; why not tackle the fundamental problems? Why not tackle the combines, the trusts and all those other ramifications that are doing so much to prevent the return of prosperity to this country? I think the Natural Products Marketing Act is a step in the right direction; personally I support it, and I believe the great majority of the farmers in my district are advocating it also.

Mr. BRADETTE: Mr. Chairman, I have not taken up much time this session so I do not think I should be criticized for saying a few words now. On March 18 I requested certain information from the Minister of Agriculture, which he was kind enough to furnish. I made reference to the fact that last year in northern Ontario we had a bumper hay crop. Within the last three weeks I have visited nearly every section of that part of the country, and I must tell the committee that there are tens of thousands of tons of hay there unsold at the present time. The people in that part of the country, whether rightly or wrongly, blame the government for the present state of affairs so far as the hay market is concerned. I mentioned on a previous occasion that early last fall, after the farmers and settlers began to press their hay, we had in the Canadian market some American buyers. In those weeks our farmers were selling their hay on cars at an average price of $15 per ton. The minister was kind enough to tell us that the Americans took restrictions off the importation of hay to their own country, but that the federal government licensed the buyer. The reason indicated by the minister was that of maintaining a higher price. We know that last summer there was a drought in western Canada, and that to some extent the same con-

dition existed in New Brunswick and Ontario. I do not believe the minister was explicit enough in the statement he made on March 18; his statement has not been clear enough to satisfy the people in my constituency. He stated that it would be impossible for us to ship our hay to the three western provinces affected by the drought. Due to the restriction imposed by the federal government, and the licensing of the American buyer, these agents in Canada immediately ceased to buy our hay. To-day it is a drug on the market; you cannot give it away.

I do not know whether or not the marketing act has affected the situation, but I must say that in the past twenty or twenty-five years we have paid very high prices for hay purchased in eastern Canada. In those days we did not obtain help from the federal government, nor was there any attempt made to help pay the price. At the present time the people in my constituency are paying more for Canadian wheat, Canadian flour and Canadian grain because of governmental activities. We do not begrudge the expenditure, because we want to see the western farmer prosper. But surely the federal government should not place a restriction against our agricultural production when practically the only natural market we have for our hay is in the United States. I know the minister wishes to be fair in his statement, but I must say to him sincerely that the statement he made was not satisfactory to my section of the country. If to-morrow we could sell the hay in northern Ontario at an average of $12.50 or $15 per ton, ninety per cent of our settlers would be taken off relief. They have to be maintained, however, because they cannot sell their hay crop.

I trust the minister will give a satisfactory answer to my question. I believe action has been taken which has had the effect of restricting hay export to the American market. I trust the minister will reply so that I shall be able to give a satisfactory answer to my constituents. I am not speaking politically, but am addressing the minister broadly and am taking the wider view. Undoubtedly the minister is well aware of my stand in the matter.

There is another point to which I should like to bring the minister's attention. When the people in my constituency buy fruit from the Niagara peninsula or from some other of the older sections of the province a flat express rate of 32 cents per basket is charged for transportation from those older sections to northern Ontario. Naturally we are satisfied with that charge, but when the people in northern Ontario wish to ship their natural fruits, such as blueberries, the gathering of which constitutes a local industry, and particularly at points such as Iroquois Falls and Porcupine, we find that we must pay a rate of more than 60 cents on baskets of the same size as those in which fruit is shipped from the older sections. The minister will readily appreciate that an injustice is done our shippers. The blueberry industry employs hundreds of people during the summer months when the fruit is ripening, and I believe the marketing board should take steps to adjust the rates on shipments from northern Ontario to the older sections of the province. The minister will readily realize what the rate means to the growers in the Porcupine district which at the present time has a population of nearly 50,000 people, and is increasing by leaps and bounds. I trust the minister will see that we receive reciprocal treatment in the shipment of our fruit. These are practical questions which should be answered in a manner satisfactory to the people of northern Ontario.

Mr. WEIR (Melfort): I appreciate the opportunity now given me to correct what is no doubt a wrong impression concerning the restrictions placed upon the export of hay which, it is suggested, have interfered with the market in the hon. member's district. When I made my answer I had in mind the fact that due to the very high freight rates it would be impossible profitably to ship hay from his section of the country to western Canada. Last year there was a very definite scarcity of feed in certain districts of eastern and western Canada, and upon the representations of different organizations it was thought advisable to have some provisions whereby governments undertaking relief would not be left in such a position that there would not be sufficient fodder to feed live stock. The provision made to protect against this condition was a very generous one. Every possible effort was made to facilitate and expedite the issuing of a licence. Any man with a legitimate sale of hay could apply for a licence and in every case in eastern Canada I understand such licence was granted. No licences were refused, and I believe it was made clear that no licence would be refused to a man who had a legitimate sale of hay, unless conditions should arise where the scarcity of feed was such that there was not sufficient feed available to supply the live stock. Even then licences would not be refused but the province interested would be given permission to buy at the same price. I appreciate the oppor-

tunity the hon. member has given me, and I have confidence in his fairness. Undoubtedly he will take the first opportunity to correct any wrong impression in his constituency. I have made a note of his observations regarding express rates, but I must say that such matters would not come within the administration of the marketing act. The situation he has described seems almost incredible, and I appreciate his having brought it to the attention of the committee.

Mr. POULIOT: It is my understanding of the act that a provincial board may prevent the products of one province from entering another.

Mr. WEIR (Melfort): That is not my understanding. I believe there is no provision through which that restriction could be imposed.

Mr. POULIOT: There is no provision in the act to that effect, but boards are given that jurisdiction. They may prevent the goods of one province from entering another.

Mr. WEIR (Melfort): I am afraid the hon. member is in error. I should be pleased to have him submit a specific instance.

Mr. POULIOT: Before the item is carried I have something further to say. This act is essentially parochial, and it is against the terms of the British North America Act. We have a Minister of Agriculture in Ottawa to facilitate trade between provinces and with other countries, and therefore the act in its present form is in my judgment against the spirit of the British North America Act. This is a very serious matter which I have brought to the attention of the committee. Soon we will have the opportunity to submit it to the people.

Item agreed to.

Progress reported.

Mr. GUTHRIE: Mr. Speaker, may I have the consent of the house to revert to the order, Introduction of Bills, in order that a bill standing on the order paper may be advanced one stage by being given a first reading?

Mr. SPEAKER: With the consent of the house.

ADMIRALTY ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the first reading of Bill No. 88, to amend the Admiralty Act, 1934.

He said: May I explain, Mr. Speaker, that in the Admiralty Act passed last session there is a provision that an appeal from the local judge in admiralty shall be heard by two judges of the exchequer court. The president of the exchequer court has pointed out that it is very seldom there are two exchequer court judges in the city who could hear the appeal, and this amendment is merely to restore the old practice that such an appeal may be heard by one exchequer court judge.

Motion agreed to and bill read the first time.

On motion of Mr. Guthrie the house adjourned at 10.55 p.m.

Monday, June 10, 1935

The house met at three o'clock.

SANTO DOMINGO TARIFF

Mr. BENNETT: On May 27 the hon member for Antigonish-Guysborough (Mr. Duff) moved for the production of papers. These papers subject to the limitation which I then expressed, are now presented. A number of the dispatches are of a confidential character.

BANK OF CANADA ACT

On the order for the introduction by Mr. Reid of a bill to amend the Bank of Canada Act:

Mr. SPEAKER: I will now give a decision on the motion of the hon. member for New Westminster (Mr. Reid) for leave to introduce a bill. When the hon. member for New Westminster moved on Thursday last for leave to introduce the bill standing on the order paper in his name—an act to amend the Bank of Canada Act—he stated in part, as reported at page 3338 of Hansard, that "There are two changes contemplated in the proposed bill; the first is to amend paragraph (b), subsection 3 of section 25, and would empower the minister to purchase silver for the redemption of dominion notes."

If it is true that the bill will do what its sponsor states, empower the minister to purchase silver, then it will be generally agreed that it is out of order on the ground that a private member cannot introduce a measure which involves the expenditure of public moneys.

Upon looking up original section 25, I find that paragraph (b) of subsection 3 of the Bank of Canada Act, reads as follows:

3. On the day on which the bank is authorized to commence business the minister shall transfer to the bank—

(b) silver held by the minister for the redemption of dominion notes valued at the market price of the fine silver content thereof.

Mr. Reid's amendment proposes to add to subsection (b) just referred to the following words:

and at any time thereafter the minister may transfer to the bank silver held by him for the redemption of dominion notes or hereafter purchased for the redemption of dominion notes valued at the market price of the fine silver content.

The original section as just quoted provides that "on the day on which the bank is authorized to commence business, the minister shall transfer to the bank silver held by him for the redemption of dominion notes." The amendment provides that "any time thereafter the minister may transfer to the bank silver held by him for the redemption of dominion notes or hereafter purchased for the redemption of dominion notes," etcetera.

While I do not think the amendment goes as far as the hon. member suggests, that is "empowers" the minister to purchase silver, it certainly contemplates the purchase of further silver by the minister and does empower the transfer of silver held by him to the bank.

The purchase of silver by the government certainly involves the expenditures of government moneys. Speaking of silver in the narrow sense as "money," its transfer from the minister to the bank, as authorized by the proposed amendment, involves the expenditure of public moneys. It is quite clear that legislation involving the expenditure of public moneys can only be introduced by a responsible minister of the crown upon the recommendation of His Excellency the Governor General. On the ground that the expenditure of public moneys is involved the amending motion is out of order.

It is, in my opinion, also out of order on a second ground. Giving silver the wider meaning of "property" its transfer as proposed by the amendment involves the disposal or alienation of crown property. No private member may introduce a measure for this purpose without first having asked the house to agree to an address for leave to proceed thereon, such leave to be obtained prior to the introduction of the bill. (See Bourinot 4th edition, page 414.) No such leave has been obtained.

I therefore rule that the motion to introduce the bill in question is out of order.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I appreciate the thought and the great care you have given the matter, and also the fairness with which you have dealt with it. But I must say I am disappointed at being prohibited from introducing this bill.

[Mr. Speaker.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OREGON BOUNDARY

Mr. REID:

According to a treaty entered into in 1846 between the United States of America and Her Majesty on behalf of Canada for the settlement of the Oregon boundary, in clause 2 thereof, it was expressly agreed that the Columbia river and its branches were to be kept open for the free use and navigation of all British subjects from the 49th parallel of north latitude to the Pacific ocean,—

1. Is the government aware that the provisions of this clause have been violated?
2. If so, what steps have been taken to protect the interests of the Canadian people so as to keep inviolate the provisions of the treaty and particularly clause 2 of the agreement?
3. If not, will steps be taken to see that the terms of the treaty are lived up to in every particular?

Mr. BENNETT: We are obtaining further information in respect to Question No. 4. It is, as I said the other day, a matter of some difficulty from the international standpoint.

Mr. SPEAKER: Shall the question stand?

Mr. BENNETT: Stands.

RADIO COMMISSION AUTOMOBILES

Mr. TOTZKE:

1. Have any automobiles been purchased by the radio commission for the use of any of the commissioners?
2. If so, what makes and at what prices?
3. Have any automobiles been rented by the commission for the use of any of the commissioners?
4. If so, what makes of cars, and at what rental?
5. Has an automobile been purchased in Ottawa and shipped to Vancouver for the use of one of the commission's inspectors?
6. If so, what was make of car, price of purchase and cost of transportation?

Mr. DURANLEAU:

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

1. No.
2. Answered by No. 1.
3. No.
4. Answered by No. 3.

5 and 6. A Chevrolet passenger chassis body was rented in Ottawa, fitted with special equipment for field survey measurements and used for several months in eastern Canada. Last fall, when the commission found it necessary to carry out certain investigations in connection with frequency allocations to western stations, the same car was shipped

by freight to Winnipeg and was used throughout the west on this work. It was shipped by freight from Edmonton to Vancouver and re-shipped by freight from Vancouver to Ottawa.

The transportation costs were as follows: Ottawa to Winnipeg, $153.31; Edmonton to Vancouver, $128; Vancouver to Ottawa, $312.91.

UNEMPLOYMENT RELIEF EXPENDITURE—HULL COUNTY, QUE.

Mr. FOURNIER:

What was the total sum expended by the government in the county of Hull under authority of the various unemployment relief measures in each of the fiscal years covering the period from March 31, 1930, to March 31, 1935, inclusive?

Mr. GORDON:

The following are the amounts paid to the province of Quebec under the legislation indicated for relief in the federal constituency of Hull in accordance with certificates of expenditure rendered by the province:

The Unemployment Relief Act, 1930	$ 134,123 46
The Unemployment and Farm Relief Act, 1931, and Continuance Act, 1932	182,487 49
The Relief Act, 1932	90,492 84
The Relief Act, 1933	140,168 80
(1) The Relief Act, 1934	36,823 72

(1) On July 31, 1934, the dominion ceased contributing to the province's expenditures on a percentage basis and since that date has paid to the province a monthly grant-in-aid to assist the province in discharging its responsibilities connected with the relief of necessitous persons within its borders. The amount of the grant-in-aid allocated to the different sections by the province is not however a matter of record with the dominion.

UNEMPLOYMENT RELIEF EXPENDITURE—PONTIAC COUNTY, QUE.

Mr. FOURNIER:

What was the total sum expended by the government in the county of Pontiac under authority of the various unemployment relief measures in each of the fiscal years covering the period from March 31, 1930, to March 31, 1935, inclusive?

Mr. GORDON:

The following are the amounts paid to the province of Quebec under the legislation indicated for relief in the federal constituency of Pontiac in accordance with certificates of expenditure rendered by the province:

The Unemployment Relief Act, 1930	$ 96,276 86
The Unemployment and Farm Relief Act, 1931, and Continuance Act, 1932	167,794 98
The Relief Act, 1932	174,452 08
The Relief Act, 1933	46,193 73
(1) The Relief Act, 1934	13,887 56

In addition to the foregoing expenditures, the dominion has paid to the province under the provisions of The Relief Act, 1933 the sum of $9,890.87 for work undertaken on the Maniwaki-Mont Laurier and Senneterre highway, but certificates of expenditure rendered by the province do not indicate what proportion of the expenditure was made in the county of Pontiac.

(1) On July 31, 1934, the dominion ceased contributing to the province's expenditures on a percentage basis and since that date has paid to the province a monthly grant-in-aid to assist the province in discharging its responsibilities connected with the relief of necessitous persons within its borders. The amount of the grant-in-aid allocated to the different sections by the province is not however a matter of record with the dominion.

UNEMPLOYMENT RELIEF EXPENDITURES—WRIGHT COUNTY, QUE.

Mr. FOURNIER:

What was the total sum expended by the government in the county of Wright under authority of the various unemployment relief measures in each of the fiscal years covering the period from March 31, 1930, to March 31, 1935, inclusive?

Mr. GORDON:

The following are the amounts paid to the province of Quebec under the legislation indicated for relief in the federal constituency of Wright in accordance with certificates of expenditure rendered by the province:

The Unemployment Relief Act, 1930	$ 25,185 09
The Unemployment and Farm Relief Act, 1931, and Continuance Act, 1932	52,696 93
The Relief Act, 1932	10,593 90
The Relief Act, 1933	21,708 25
*The Relief Act, 1934	7,444 62

In addition to the foregoing expenditures, the Dominion has paid to the province under the provisions of The Relief Act, 1933, the sum of $9,890.87 for work undertaken on the Maniwaki-Mont Laurier and Senneterre highway, but the certificates of expenditure ren-

dered by the province do not indicate what proportion of the expenditure was made in the county of Wright.

*On July 31, 1934, the dominion ceased contributing to the province's expenditures on a percentage basis and since that date has paid to the province a monthly grant-in-aid to assist the province in discharging its responsibilities connected with the relief of necessitous persons within its borders. The amount of the grant-in-aid allocated to the different sections by the province is not however a matter of record with the dominion.

MILLHAVEN, ONT., DOCK

Mr. FRASER (Northumberland):

1. Under what terms was the new dock at Millhaven, Ontario, constructed?
2. Were public tenders called for?
3. If so, what tenders were received and from whom?
4. Was the contract awarded to the lowest tenderer?
5. If by contract, who received the contract, and what was the total contract price?
6. If by day labour and purchased material, what was the total cost?

Mr. STEWART (Leeds):

1. A 32-foot extension was built to the dock by day labour.
2. No.
3, 4 and 5. Answered by No. 2.
6. $1,005.31.

POINTE AU PIC, QUE., WHARF

Mr. CASGRAIN:

1. Did the government purchase lumber for the construction now being carried out at the Pointe-au-Pic wharf, in the county of Charlevoix?
2. If so, what was the quantity purchased and from whom?
3. Was such lumber inspected before the purchase and by whom?
4. Was such lumber according to the specifications of the Department of Public Works?
5. How much was paid for such lumber and to whom?

Mr. STEWART (Leeds):

1. No, work was done under contract.
2 to 5. Answered by No. 1.

EMPLOYMENT STATISTICS, MONTREAL

Mr. LAURIN:

1. How many establishments in Montreal have reported to the dominion bureau of statistics on the number of people employed by them?
2. How many of said establishments employ more than 25 persons?
3. What are the names of said firms or establishments?
4. How many employees are employed in each of said establishments?

[Mr. Gordon.]

Mr. HANSON (York-Sunbury):

1. Assuming that industrial establishments are meant, 2,226 industrial establishments, employing 80,212 persons, reported to the dominion bureau of statistics in Montreal proper in 1933. With regard to merchandising and service establishments, the 1931 census showed that there were 17,602 such establishments employing 78,187 persons.

2. The number of industrial establishments which have 25 employees and over is compiled for Canada as a whole and by provinces, but not by localities. It would take considerable time to get the figure for Montreal, as the individual returns are filed by industries, not by cities and towns.

3 and 4. The dominion bureau of statistics is unable under the secrecy clause of the Statistics Act to give out any information relating to an individual concern.

Mr. CAHAN: The information requested in Question No. 39 has already been laid on the table of the house in return No. 225 which was moved for by the hon. member for Quebec-Montmorency (Mr. Dorion).

Mr. SPEAKER: Question No. 39 dropped.

R. JAMES GREAVES, VALPARAISO, SASK.

Mr. DONNELLY:

1. Is one R. James Greaves of Valparaiso, Saskatchewan, in the employ of the dominion government? (a) if so, in what capacity; (b) what are his duties and on what date did they commence?
2. What remuneration does he receive?
3. Is his remuneration such as to permit of him taking part in partisan political activities?

Sir GEORGE PERLEY:

1. Yes. (a) and (b)—Official receiver for the judicial districts of Melfort, Humboldt and Prince Albert in the province of Saskatchewan. His duties commenced on March 30th, 1935.
2. $150 a month.
3. No.

GRANDE ALDOUANE, N.B., WHARF

Mr. MICHAUD:

1. Was any work done on the wharf at Grande Aldouane, Kent county, New Brunswick, since January 1, 1934?
2. If so, what was the nature and cost of such work?

Mr. STEWART (Leeds):

1. Yes.
2. (a) Construction of wharf at an estimated cost of $10,000.
(b) Expenditure to date $5,682.77.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TRANS-CANADA HIGHWAY

Mr. MacLEAN:

1. How many miles of trans-Canada highway have been constructed in Canada since 1930?
2. How many miles of this highway have been constructed in each of the nine provinces, showing each province separately?
3. What was the cost per mile in each province in connection with this construction work, and what percentage of the above cost was paid (a) by the federal government; (b) by the provincial government; (c) municipality?
4. How many miles of this highway still remain to be constructed, showing number in each province separately?
5. What is the total cost of the federal government's share of this highway up to the present time?
6. What is the estimated cost to complete the work?

CIVIL SERVICE PROMOTIONS

Mr. GAGNON:

1. How many employees within the government service have been promoted by the governor in council since the establishment of the staff control regulations?
2. How many promotions were made in each department?
3. How many English Canadian employees were promoted in each department?
4. How many French Canadian employees were promoted in each department?
5. What was the increase in the remuneration of each in each case?

Mr. DURANLEAU: Stands as order for return.

HIGH COMMISSIONER'S OFFICE, LONDON, ENG.

Mr. POULIOT:

1. Did the sum of $721,479.35 being the total of two items mentioned in sessional paper No. 269 of March 20, 1935, for the cost of the high commissioner's office in London, from August 1, 1930, to February 1, 1935, include any amount spent for publicity and printing?
2. If not (a) what total amount was spent by the high commissioner and the high commissioner's office in London for publicity and printing during that period; (b) did the latter amount include anything for entertainments; (c) if so, how much; (d) how much was spent for publicity in Great Britain; (e) how much in Canada; (f) same questions for printing?
3. Did the sum mentioned in the first place include the salaries and travelling expenses of the officers of the five departments mentioned in sessional paper No. 335A of May 20, 1935?
4. If not, what total amount was paid for such salaries and travelling expenses during the above mentioned period?

W. R. LITTLE, DIRECTOR OF EUROPEAN EMIGRATION

Mr. POULIOT:

1. Referring to letter of Deputy Minister of Immigration and Colonization dated October 24, 1931, to W. R. Little, Director of European Emigration, London, S.W. 1, England, contained in sessional paper No. 335 of May 20, 1935, to the effect that all general departmental correspondence, "which up to the present has been addressed to Mr. Little as Director of European Emigration, will in future be addressed to the high commissioner marked 'Attention Mr. Little,'" was the high commissioner authorized to open correspondence thus addressed?
2. Referring to consultations of the said Mr. Little with the high commissioner "respecting any important matters which would from time to time be the subject of correspondence" coming from the Department of Immigration, to use the words of the letter already referred to, was the high commissioner empowered to give any instructions to the said Mr. Little?
3. If so, in virtue of what authority, and while doing so, was the high commissioner under the supervision of the head or deputy head of the Department of Immigration and Colonization?
4. If not, to whom was the high commissioner responsible for any instructions or advice given to the said Mr. Little?
5. Referring again to the above mentioned letter, what was the line of demarcation between (a) any matter of public business not involving the question of policy and dealt with through the Department of Immigration and Colonization, and (b) any matter of public business involving the question of policy and dealt with through the Secretary of State for External Affairs?
6. Since October 24, 1931, did the Secretary of State for External Affairs communicate with the high commissioner with regard to any matter of public business involving a question of policy for the Department of Immigration and Colonization, and, if so, was it in accordance with orders in council passed on or after October 24, 1931?

RADIO BROADCASTING STATIONS IN CANADA

Mr. GAGNON:

1. How many radio broadcasting stations are there at present in Canada?
2. How many broadcasting stations are there: (a) in British Columbia, (b) in Alberta, (c) in Saskatchewan, (d) in Manitoba, (e) in Ontario, (f) in Quebec, (g) in New Brunswick, (h) in Prince Edward Island, (i) in Nova Scotia?
3. What is their respective power output?
4. What are the radio broadcasting stations in Canada receiving payment from the radio commission for services performed in connection with the broadcast of the commission's programs or otherwise?
5. What amount is paid to each station in particular and also by province?
6. What has been the income from radio licence fees in each province for the fiscal years 1933-1934 and 1934-1935?
7. What amount did the radio commission spend on the production of programs during the fiscal years 1933-1934 and 1934-1935?

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1. How many appointments were made to the Canadian Radio Broadcasting Commission: (a) under the Civil Service Act, (b) under the Canadian Radio Broadcasting Act?
2. What are the names of these appointees, the position they occupy and the salary rate in each case?

3. How many of these appointees are: (a) English Canadians, (b) French Canadians?
4. What are their respective positions, place of employment and salary rate?

ST. JOHN'S, QUE., FENCE ON RICHELIEU STREET PROPERTY.

Mr. RHEAUME:

1. Upon whose request was a fence erected on the land which the government owns on Richelieu street at St. John's, province of Quebec, to the east, near the building occupied by the Department of National Revenue?
2. Were tenders called for?
3. What are the names of the tenderers?
4. To whom was the contract awarded and what was the amount paid?
5. Did owners of neighbouring properties contribute to the cost of said fence?
6. If so, what amount?

Mr. STEWART (Leeds): Return tabled herewith.

IMPORTATIONS OF FLOUR

Mr. FERLAND:

1. Did Canada import flour during the past four years?
2. If so, (a) from what countries, (b) what quantity, (c) what was the value of such imports?

Mr. HANSON (York-Sunbury): Return tabled herewith.

TRADE WITH UNITED STATES

Mr. POULIOT:

1. What were Canada's total exports to the United States in the twelve month periods ending, (a) May 31, 1931; (b) May 31, 1932; (c) May 31, 1933; (d) May 31, 1934, and (e) May 31, 1935?
2. What were Canada's total imports from the United States during the corresponding periods?

Mr. HANSON (York-Sunbury): Return tabled herewith.

BANK OF CANADA NOTE ISSUE

Mr. POULIOT:

1. What is the number of bank notes for each figure issued, (a) in English, and (b) in French by the Bank of Canada?
2. How many French notes were distributed to each chartered or savings bank?

Sir GEORGE PERLEY: This question may be passed as an order for return on the understanding that the information asked for by question No. 1 cannot be available until reports are received from the various agencies of the bank, as the information is not presently available at head office, and that question No. 2 cannot be answered, as statistics are not kept on this basis.

Mr. POULIOT: On the point of order; the other day I asked exactly the same question and I was answered by the total amount of notes. I presume that the Bank of Canada knows what number of bank notes of each denomination are issued and I do not see why there is so much trouble in getting that information.

Mr. SPEAKER: Question stands as order for return with the reservation mentioned by Sir George Perley.

MOTIONS FOR PAPERS

CORRESPONDENCE WITH GREAT BRITAIN CONCERNING MILITIA ORDERS

Mr. POULIOT:

For a copy of all correspondence between the government of Great Britain, the War Office and the Admiralty, on one hand, and the Canadian government on the other hand, with regard to militia orders 116 of 1933; 157 of 1933, and 118 of 1935.

Mr. BENNETT: I do not know if there is any correspondence or not, but it will be subject to the usual reservation in matters of that kind.

Mr. POULIOT: On a question of privilege, Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. SPEAKER: There is no question of privilege. The Prime Minister has pointed out that the question has reference to military matters, it is quite right for the government to make the usual reservation.

Mr. POULIOT: But we are not in time of war, we are in time of peace.

Motion agreed to.

BRITISH AND FOREIGN PUBLICITY APPROPRIATION

Mr. POULIOT:

For a copy of detailed accounts of the expenditure of an appropriation of $100,000 for publicity and advertising in the United Kingdom and Europe, referred to in letter from the Minister of Trade and Commerce to the High Commissioner for Canada in London, dated April 12, 1933, and for all amounts administered by the office of the said commissioner for similar purposes.

UNEMPLOYMENT RELIEF, SASKATCHEWAN

Mr. PERLEY (Qu'Appelle):

For a return showing:
1. Amount of direct relief paid out by municipalities in the drought areas of Saskatchewan as reported to the federal Department of Finance by the provincial government of Saskatchewan.
2. Number of families reported by the provincial government of Saskatchewan to the Department of Finance as being in receipt of direct relief in each rural municipality.
3. A copy of correspondence between the Department of Finance or its representatives, and the provincial government, or its representatves, with reference to relief administration in R.M. 104.

CHURCHOVER, N.S., MAIL CONTRACT

Mr. RALSTON:

For a copy of all notices, tenders, contracts, letters, telegrams, memoranda, recommendations, communications, correspondence and documents since January 1, 1935, in the possession of the Post Office Department with respect to the contract for carrying the mail between Churchover and railway station, Shelburne county, N.S.

SHELBURNE-UPPER OHIO, N.S., MAIL CONTRACT

Mr. RALSTON:

For a copy of all notices, tenders, contracts, letters, telegrams, memoranda, recommendations, communications, correspondence and documents since January 1, 1935, in the possession of the Post Office Department with respect to the contract for carrying the mail between Shelburne and Upper Ohio, rural route No. 1.

BIRCHTOWN, N.S., MAIL CONTRACT

Mr. RALSTON:

For a copy of all notices, tenders, contracts, letters, telegrams, memoranda, recommendations, communications, correspondence and documents since January 1, 1935, in the possession of the Post Office Department with respect to the contract for carrying the mail between Birchtown and railway station, Shelburne county, NS.

TRAIL, B.C., SMELTER

APPROVAL OF CONVENTION BETWEEN CANADA AND THE UNITED STATES CONCERNING DAMAGE COMPLAINED OF IN THE STATE OF WASHINGTON

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

That it is expedient that parliament do approve of the following convention between Canada and the United States relating to certain complaints arising from the operation of the smelter at Trail, British Columbia, signed at Ottawa on the 15th day of April, 1935.

Convention Between Canada and the United States

Relating to Certain Complaints Arising from the Operation of the Smelter at Trail, B.C.

Ottawa, April 15, 1935.

His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada, and The President of the United States of America.

Considering that the government of the United States has complained to the government of Canada that fumes discharged from the smelter of the Consolidated Mining and Smelting Company at Trail, British Columbia, have been causing damage in the state of Washington, and

Considering further that the international joint commission, established pursuant to the Boundary Waters treaty of 1909, investigated problems arising from the operation of the smelter at Trail and rendered a report and recommendations thereon, dated February 28, 1931, and

Recognizing the desirability and necessity of effecting a permanent settlement,

Have decided to conclude a convention for the purposes aforesaid, and to that end have named as their respective plenipotentiaries:

His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, for the Dominion of Canada:

The Right Honourable Richard Bedford Bennett, Prime Minister, President of the Privy Council and Secretary of State for External Affairs;

The President of the United States of America:

Pierre de L. Boal, Chargé d'Affaires ad interim of the United States of America at Ottawa;

Who, after having communicated to each other their full powers, found in good and due form, have agreed upon the following articles:

Article I

The government of Canada will cause to be paid to the secretary of state of the United States, to be deposited in the United States treasury, within three months after ratifications of this convention have been exchanged, the sum of three hundred and fifty thousand dollars, United States currency, in payment of all damage which occurred in the United States, prior to the first day of January, 1932, as a result of the operation of the Trail smelter.

Article II

The governments of Canada and the United States, hereinafter referred to as "the governments," mutually agree to constitute a tribunal hereinafter referred to as "the tribunal," for the purpose of deciding the questions referred to it under the provisions of article III. The tribunal shall consist of a chairman and two national members.

The chairman shall be a jurist of repute who is neither a British subject nor a citizen of the United States. He shall be chosen by the governments, or, in the event of failure to reach agreement within nine months after the exchange of ratifications of this convention, by the president of the permanent administrative council of the permanent court of arbitration at The Hague described in article 49 of the convention for the pacific settlement of international disputes concluded at The Hague on October 18, 1907.

The two national members shall be jurists of repute, who have not been associated directly or indirectly, in the present controversy. One member shall be chosen by each of the governments.

The governments may each designate a scientist to assist the tribunal.

Article III

The tribunal shall finally decide the questions, hereinafter referred to as "the questions," set forth hereunder, namely:—

(1) Whether damage caused by the Trail smelter in the state of Washington has occurred since the first day of January, 1932, and, if so, what indemnity should be paid therefor?

(2) In the event of the answer to the first part of the preceding question being in the affirmative, whether the Trail smelter should

be required to refrain from causing damage in the state of Washington in the future and, if so, to what extent?

(3) In the light of the answer to the preceding question, what measures or regime, if any, should be adopted or maintained by the Trail smelter?

(4) What indemnity or compensation, if any, should be paid on account of any decision or decisions rendered by the tribunal pursuant to the next two preceding questions?

Article IV

The tribunal shall apply the law and practice followed in dealing with cognate questions in the United States of America as well as international law and practice, and shall give consideration to the desire of the high contracting parties to reach a solution just to all parties concerned.

Article V

The procedure in this adjudication shall be as follows:—

1. Within nine months from the date of the exchange of ratifications of this agreement, the agent for the government of the United States shall present to the agent for the government of Canada a statement of the facts, together with the supporting evidence, on which the government of the United States rests its complaint and petition.

2. Within a like period of nine months from the date on which this agreement becomes effective, as aforesaid, the agent for the government of Canada shall present to the agent for the government of the United States a statement of the facts, together with the supporting evidence, relied upon by the government of Canada.

3. Within six months from the date on which the exchange of statements and evidence provided for in paragraphs 1 and 2 of this article has been completed, each agent shall present in the manner prescribed by paragraphs 1 and 2 an answer to the statement of the other with any additional evidence and such argument as he may desire to submit.

Article VI

When the development of the record is completed in accordance with article V hereof the governments shall forthwith cause to be forwarded to each member of the tribunal a complete set of the statements, answers, evidence and arguments presented by their respective agents to each other.

Article VII

After the delivery of the record to the members of the tribunal in accordance with article VI the tribunal shall convene at a time and place to be agreed upon by the two governments for the purpose of deciding upon such further procedure as it may be deemed necessary to take. In determining upon such further procedure and arranging subsequent meetings, the tribunal will consider the individual or joint requests of the agents of the two governments.

Article VIII

The tribunal shall hear such representations and shall receive and consider such evidence, oral or documentary, as may be presented by the governments or by interested parties, and for that purpose shall have power to administer oaths. The tribunal shall have authority to make such investigations as it may deem necessary and expedient, consistent with other provisions of this convention.

Article IX

The chairman shall preside at all hearings and other meetings of the tribunal, and shall rule upon all questions of evidence and procedure. In reaching a final determination of each or any of the questions, the chairman and the two members shall each have one vote, and, in the event of difference, the opinion of the majority shall prevail, and the dissent of the chairman or member, as the case may be, shall be recorded. In the event that no two members of the tribunal agree on a question, the chairman shall make the decision.

Article X

The tribunal, in determining the first question and in deciding upon the indemnity, if any, which should be paid in respect to the years 1932 and 1933, shall give due regard to the results of investigations and inquiries made in subsequent years.

Investigators, whether appointed by or on behalf of the governments, either jointly or severally, or the tribunal, shall be permitted at all reasonable times to enter and view and carry on investigations upon any of the properties upon which damage is claimed to have occurred or to be occurring, and their reports may, either jointly or severally, be submitted to and received by the tribunal for the purpose of enabling the tribunal to decide upon any of the questions.

Article XI

The tribunal shall report to the governments its final decisions, together with the reasons on which they are based, as soon as it has reached its conclusions in respect to the questions, and within a period of three months after the conclusion of proceedings. Proceedings shall be deemed to have been concluded when the agents of the two governments jointly inform the tribunal that they have nothing additional to present. Such period may be extended by agreement of the two governments.

Upon receiving such report, the governments may make arrangements for the disposition of claims for indemnity for damage, if any, which may occur subsequently to the period of time covered by such report.

Article XII

The governments undertake to take such action as may be necessary in order to ensure due performance of the obligations undertaken hereunder, in compliance with the decision of the tribunal.

Article XIII

Each government shall pay the expenses of the presentation and conduct of its case before the tribunal and the expenses of its national member and scientific assistant.

All other expenses, which by their nature are a charge on both governments, including the honorarium of the neutral member of the tribunal, shall be borne by the two governments in equal moieties.

Article XIV

This agreement shall be ratified in accordance with the constitutional forms of the contracting parties and shall take effect immediately upon the exchange of ratifications, which shall take place at Ottawa as soon as possible.

In witness whereof, the respective plenipotentiaries have signed this convention and have hereunto affixed their seals.

Done in duplicate at Ottawa this fifteenth day of April, in the year of our Lord, one thousand, nine hundred and thirty-five.

(L.S.) R. B. Bennett.
(L.S.) Pierre De L. Boal.

And that this house do approve of the same

He said: Mr. Speaker, the convention which this house is asked to ratify deals with an agreement arrived at between the governments of the United States and Canada with respect to a matter that has been the subject of controversy for many years. When this government came into office in August, 1930, the subject matter of the dispute had been under consideration by the international joint commission who made a report in 1931, in which they recommended that $350,000 should be paid the farmers and others in the state of Washington who had suffered under the circumstances to which I shall presently refer.

As is well known the smelter at Trail is near the boundary line between Canada and the United States. In the course of its operations the chimneys emit large quantities of smoke which is heavily laden with poisonous substances that affect vegetation very adversely. Those members of this house who have visited one of the islands off the Pacific coast will recall that as they approached the harbour they observed that the vegetation had been entirely destroyed by the fumes from the smelter at that point. Prevailing winds carried the gases emitted from the chimneys of the smelter into the United States, and of course they had the effect of seriously injuring the vegetation of that area over which they circulated. The grasses, grains, flowers and to some extent the trees were greatly injured by these fumes and the farmers of the United States, through their government, claimed that the loss was substantial.

An agreement was arrived at between the two governments, the government of Canada and the government of the United States, by which the international joint commission investigated the matter as I have indicated, but those findings were not final; the commission acted only in an advisory capacity and not for the purpose of rendering a final judgment. The sum of $250,000 was recommended to be paid; the finding in that regard was unanimous, but the citizens of the locality affected in the state of Washington complained that this was not adequate and that the principles upon which the international joint commission had proceeded did not fully take into consideration the circumstances in connection with the injuries sustained. Much discussion has taken place; finally this convention has been arrived at. The $350,000 is to be taken on account, so to speak, up to the date indicated by the convention. That money, of course, is not provided by the Dominion of Canada; it is provided by the Consolidated Mining and Smelting Company and has been made available to the government of Canada for payment to the United States.

The provisions of the convention to which particular attention should be directed are found in articles II and III. In article II it will be observed that a tribunal is to be constituted, to consist of a chairman and two national members. The article continues:

The chairman shall be a jurist of repute who is neither a British subject nor a citizen of the United States. He shall be chosen by the governments, or, in the event of failure to reach agreement within nine months after the exchange of ratifications of this convention, by the president of the permanent administrative council of the permanent court of arbitration at The Hague described in article 49 of the convention for the pacific settlement of international disputes concluded at The Hague on October 18, 1907.

The two national members shall be jurists of repute, who have not been associated directly or indirectly, in the present controversy. One member shall be chosen by each of the governments.

What they are to determine is set out in the questions mentioned in article III, as follows:

(1) Whether damage caused by the Trail smelter in the state of Washington has occurred since the first day of January, 1932, and, if so, what indemnity should be paid therefor?

(2) In the event of the answer to the first part of the preceding question being in the affirmative, whether the Trail smelter should be required to refrain from causing damage in the state of Washington in the future and, if so, what extent?

(3) In the light of the answer to the preceding question, what measures or régime, if any, should be adopted or maintained by the Trail smelter?

(4) What indemnity or compensation, if any, should be paid on account of any decision or decisions rendered by the tribunal pursuant to the next two preceding questions?

I think perhaps the house is not concerned at the moment except with respect to the two articles I have mentioned; that is, the circumstances under which the tribunal is coming into being, the personnel of the tribunal and the questions to be determined. I need hardly say to the house that the finan-

cial obligations under which this country may be placed by reason of any determination of this tribunal will be paid by the smelter company affected under an arrangement that has been made with them.

The question as to why the Dominion of Canada should be in the matter at all received very careful consideration before this government came into office, and it was felt that the only method by which the claim made by nationals of our neighbour could be disposed of satisfactorily would be through some action taken by the national government of this country on the one hand and of the United States on the other. When the international joint commission reported up to the end of 1931, the matter now is being treated as having been concluded up to that point, and the payment of money is being made for the liabilities that resulted from the poisonous fumes circulating in the state of Washington up to the date of that award.

I do not think there are any other questions calling for consideration in connection with this convention. If there are I shall be very glad to endeavour to answer them. I may add that the convention has been ratified by the senate of the United States.

Hon. CHARLES STEWART (West Edmonton): I am not just clear as to whether the $350,000 is settlement in full up to 1932, because I understand that there has been considerable damage since then.

Mr. BENNETT: Yes. Article 1 provides:

> The government of Canada will cause to be paid to the secretary of state of the United States, to be deposited in the United States treasury, within three months after ratifications of this convention have been exchanged, the sum of three hundred and fifty thousand dollars, United States currency, in payment of all damage which occurred in the United States, prior to the first day of January, 1932, as a result of the operation of the Trail smelter.

Mr. STEWART (Edmonton): I only asked the question because at one stage of his address the Prime Minister remarked that this was an interim payment. It is settlement in full?

Mr. BENNETT: Yes, up to that date.

Hon. ERNEST LAPOINTE (Quebec East): I realize that we are not in committee, but I should like my right hon. friend to say whether in its report the international joint commission recommended the appointment of a tribunal such as the one provided for by this convention. Is there any particular reason why there should be a special tribunal, because the international joint commission itself, under the law, has authority to deal with such matters when they are submitted to that body by one or other of the two governments?

Mr. BENNETT (Prime Minister): I believe it is only necessary to say that the United States was not prepared to accept the international joint commission as the tribunal to deal with this matter. Perhaps it will be recalled by the right hon. gentleman opposite that it was agreed between the two nations that the conclusion arrived at by the international joint commission with respect to damage up to January 1, 1932 would be advisory, rather than in the nature of a judgment.

Mr. MACKENZIE (Vancouver): May I ask if any of the cost of the new tribunal will have to be borne by this government, or by the smelters corporation?

Mr. BENNETT: I shall know nothing until the finding is made. So far as we are concerned they will be indemnified by the corporation.

Mr. POULIOT: In view of what has been said by the leader of the government may I ask if anything has been done by the government in connection with the commuter's problem in Windsor? Nothing has been done?

Motion agreed to.

CANADIAN GRAIN BOARD

PURCHASE, STORAGE AND MARKETING OF WHEAT AND OTHER GRAINS

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

> That it is expedient to bring in a measure to establish a board to be known as the Canadian grain board with power to purchase, receive and take delivery of wheat, oats, barley, rye and flax-seed, or any one or more of such grains for marketing and to sell, store, transport and market such grains, and to provide for the appointment of such clerks, employees and assistance as may be necessary, and to provide for their remuneration and for the expenses of, and arising out of, the operations of the board.

He said: Mr. Speaker, I do not propose to make a lengthy speech to-day upon this matter, or at any rate at this stage, because obviously what I might say would probably be in response to questions which might be asked, and it is perfectly clear that there is no opportunity to do that in the mere movement of the house into committee to consider the resolution.

I think possibly I should say that once in this country we had a grain board brought about, of course, by the exigencies of the war. The situation at the present time, without going into the matter in detail, is that this country has not been able to market all its wheat, and that there is a large surplus of unsold wheat, or an accumulation of surpluses beginning in 1929 and followed by a further large carryover in 1930 and in succeeding years, by reason of large crops.

I shall not at the moment deal with the political side of the observations which have been made by hon. gentlemen opposite, because the matter is far too serious to discuss from the standpoint of narrow party politics. I should like to say however that I am prepared to give the committee the fullest information as to the world movement of wheat to indicate, notwithstanding what has been said notably by the hon. member for West Edmonton (Mr. Stewart) that tariffs had something to do in preventing the sale of wheat in France and Germany. If the hon. member would just look at the imports into France, the imports into Germany and the imports into Italy I think he would probably arrive at a different conclusion. All that is necessary to do is to point out that there has been no diminution in the use of wheat by the people of the world and that, for instance in 1934 the entire wheat purchases by France were from Canada, with the exception of 1,000,000 bushels. All the wheat France imported from abroad, with the exception of something like 1,000,000 bushels, came from Canada, and that of the importations into Germany the greater part came from Canada. But those importations were very trifling. For instance, in the last five years the largest sale of wheat to France was 31,000,000 bushels. That was a period of time, of course, when France was not herself producing ample wheat for her own requirements.

I have already traversed this matter on more than one occasion, and to-day I desire only to make this simple observation, that owing to the result of post-war action on the part of countries which were formerly wheat importing countries they have placed themselves in a position where to a very large extent they are free from the necessity of importing wheat from any country. For instance to-day France is a large exporter of wheat. In the year 1934 she exported large quantities of both wheat and flour to Great Britain and to other parts of the world. I suppose it must be known to hon. members that in this present year France is exporting wheat,—denatured wheat,—to the United States under the world's wheat agreement. I might add that the Pontine marshes of Italy, now available for the production of wheat, has placed under cultivation thousands of acres which never before produced wheat, and the use of fertilizers has increased the yield per acre in Germany to an extent even greater than it was before the war.

The essential fact for us to recall is that the countries of Europe which during the war did not produce wheat found themselves dependent upon the countries which did increase their production, notably Canada, and that unfortunately for us for some strange reason we did not realize that in 1925, 1926, 1927, 1928, 1929 and 1930 the countries of Europe had recovered their pre-war position—not only recovered it, but greatly strengthened it, and were supplying not only their own requirements but were also on an export basis.

Under these circumstances the position was a very simple one. The question was whether or not chaos should reign in respect to the largest industry we have, in point of value of exports, or whether something should be done to endeavour to save it from the chaotic condition prevailing. Something was done. It may be that there is some desire to discuss the matter at length. I am prepared to do it in every detail and in every particular. It will be recalled that when before a committee opportunity was afforded for discussing the matter in detail, by a majority vote it was decided that such discussion would not be in the public interest. The determining factor at that time in the committee was hon. gentlemen opposite.

But eliminating that consideration for the moment I am merely pointing out that the world has been producing so much more wheat than it has been consuming that there is a large surplus, and that that surplus must be taken care of by some orderly method or we will have a complete dislocation of the whole wheat industry in Canada. We might as well face it frankly. I am not going to dwell upon these matters at this time further than to say that there were certain well defined conditions which during war time necessitated the creation of a wheat board. At the present time we have a condition whereby we have large quantities of wheat unsold. We and the rest of the world, namely the wheat producing countries of the world, have a substantial surplus of wheat over world requirements, but, as I have stated previously I shall not go into a detailed discussion of the matter at this time. I merely state that I am in a position to give the figures when they are required.

I desire to direct the attention of the house to the particulars of the resolution itself. Assuming that the house is of the opinion that it is desirable in the public interest that there should be a board to deal with the most extraordinary situation that has ever existed in regard to wheat so far as we have a record, because it will be recalled that the price of wheat in 1932-33 reached the lowest point in four hundred years—there is a complete record of the price of wheat in the various parts of the world for over four hundred years, and as I say wheat never reached a lower price in five hundred years than it did in 1932-33—under those circumstances, and with the surplus now existing it becomes essential to deal with the situation in some orderly manner. To the extent to which it may be possible to do so except through a wheat board I shall be very glad indeed to hear opinions expressed by members of this house. But if we conclude, as I believe the house will, that a wheat board is essential, then you ask yourself two simple questions: First, what power has this parliament to create such a board; and second, what shall be its powers?

With respect to the first, there has been a modification of the legal position by reason of the fact that the Grain Act was amended when it was decided by the supreme court, by a majority with the Chief Justice dissenting, that the Grain Act was ultra vires in so far as certain sections of it were concerned; and it was indicated that it could be made intra vires if the facilities or elevators were declared to be works for the general advantage of Canada. And so, under section 233 of the Grain Act, as consolidated in 1927, the declaration is made that these elevators, which are usually on the right of way of various railway companies, are works for the general advantages of Canada.

The bill predicated upon this resolution would limit its operation to interprovincial and international trade. It would not seek to deal with purely domestic trade in any one province for that might be entirely beyond our jurisdiction.

The next question is, what shall be the powers of the board? The board will be empowered, as the resolution indicates, to deal with wheat as buyers and sellers and the sole marketers of it for the purpose of ensuring that it shall find at least as large a market as possible under the circumstances that now exist.

That is all that can be usefully said on the resolution itself, but at the appropriate time I shall make a more extensive statement than that which I have now made.

[Mr. Bennett.]

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, my purpose is not to discuss the resolution but rather to ask my right hon. friend a question as to his intentions in the matter of procedure. It has, I think, been customary in connection with a measure of this importance to have it referred either to one of the select standing committees of this house, in this case I presume it would be the committee on agriculture, or to a special committee. If we knew at this stage the intention of the government in the matter it would enable us to govern ourselves accordingly in the discussion on the resolution.

May I say that I agree with the Prime Minister that this question is far too serious to be dealt with in any narrow partisan manner. I believe it is as serious as any problem which has faced this country at any time, and too great care cannot be taken in the consideration of what is to be done. It is for that reason I feel that if the government could see its way to refer the bill to a select or special committee it is wholly probable that some of the points which may be obscure at the moment would be cleared up and possibly much in the way of confusion and controversy avoided.

As I read the resolution it is in very general terms, and does not go beyond recommending the establishment of a board. We shall not know what powers the board will have other than has been indicated thus far by the Prime Minister until we see the bill itself, and differences of view that otherwise might arise might perhaps be wholly avoided if the powers of the board were settled in a committee in advance. I therefore am asking the Prime Minister if he would say to the house that when the resolution carries and the bill has been introduced it would be understood that it would be referred to a select committee. If not, I may say that on the resolution itself a great deal of information will necessarily have to be sought.

May I say that, while to-day the Prime Minister has indicated his willingness to give full information, up to the present the opposition has not pressed the government either in the matter of proceeding with this measure or in respect to the wheat situation generally, realizing that the Prime Minister himself would wish to have charge of the measure and that there were considerations of public policy involved of which account should be taken, also that there might be in connection with this great problem some features or aspects which the gov-

ernment might feel it would not be advisable to disclose for fear of some effect the disclosure might have upon the market or upon existing or future conditions. That may or may not be the view held by the government. I do think that in a matter of this importance it is advisable that the fullest information possible should be given to parliament. If there is anything that for any reason should not be given to the public either immediately or possibly until later on, that knowledge should at least be in possession of hon. members of parliament. That could be so arranged in a committee, where there might be objection to making public at this stage some of the facts of which we would wish to have full knowledge.

Those are some of the considerations I have in mind in asking the Prime Minister if he is prepared to consider referring the bill to a select committee after it has been introduced.

Mr. BENNETT: Mr. Speaker, I would be sadly lacking in consistency if, believing as I do that this is one of the most serious problems that confronts the Canadian people, I did not accept at once any suggestion made by the right hon. gentleman as to cooperation in dealing with the problem itself, and if he believes that the matter would be better dealt with by a committee than by discussion in this house I would be the last man not to accept his suggestion of cooperation in that way.

The question as to whether or not it could better be done by a select or special committee is one that I should like to have some time to think about. The right hon. gentleman was good enough to mention to me his suggestion as he came into the house to-day. He thought a committee should deal with the problem. Under those circumstances I should like to reserve the settlement of that question until I have had time to give it a little thought, but I believe that it is my duty to accept one of those methods in dealing with this question. I would therefore suggest, reserving the right of the opposition, or of any member of this house for that matter, not to be regarded as approving the resolution merely because we adopt it, that after the resolution is agreed to the bill be given its first reading so that hon. members will have the opportunity to read it. I believe that under the rules the bill must then be given a second reading and referred to a committee, whether a standing committee or a select committee. I would have great pleasure in following that course if it commends itself to the judgment of the house. In that event I probably on the second reading would make a statement that would enable hon. gentlemen who desire to consider the bill in the light of the facts as I understand them to be able to direct their minds more intelligently, if I may say so without reflecting at all on their intelligence—more effectively to the problem itself in the light of the information I might be able to furnish on the second reading.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I would just like to say a very few words in regard to the resolution which has been introduced. First I would say that in my opinion the wheat problem is the gravest problem confronting Canada and confronting this parliament to-day. I shall quote just one statement that was made by Sir Edward Beatty in a recent address in Toronto, when he said, speaking of our wheat production:

> In the five years of expansion from 1925 to 1929 inclusive, our production rose to a value of $2,178,000,000.

In the five years of the depression, that is the following five years of 1930 to 1934 we produced $760,000,000 worth of wheat. Anyone who reads these figures must agree that that is perhaps the greatest underlying cause or factor contributing to the depression. In the next paragraph Sir Edward Beatty made this very significant statement when he said:

> No farmer in western Canada is more interested in the yield and price of our wheat crop than are you, the businessmen and workers of Toronto.

I am very pleased the Prime Minister (Mr. Bennett) has introduced a resolution looking to the setting up of a wheat board and I should like to refer to one phase of this matter with which the Prime Minister dealt, that is the powers of the board. It is hardly necessary to point out that at the present time there is a large volume of wheat held in Canada. We all know that the government has been supporting the market price of wheat and this matter is of great importance to the Canadian wheat producer. I should like to know from the Prime Minister, either now or when we are in committee, whether this board will continue to have the financial backing of the government in the support of the market price of wheat. In other words, will the market price of wheat be supported by the government through the operations of this board? In my own opinion the desirability at this particular time of establishing a grain board hinges on this one question. This question is of supreme importance and that is why I wanted to emphasize that point.

Mr. BENNETT: The bill will disclose what the powers of the board will be. I do not propose to undertake on behalf of any government to say just what the government will do.

Mr. MACKENZIE KING: I have spoken already but I should like to add that I appreciate the position taken by the Prime Minister (Mr. Bennett). I realize that he will wish to decide whether it is preferable to refer this bill to a select committee or to one of the standing committees. It is understood that by proceeding in this manner no hon. member will be prejudiced or committed in the stand he may wish to take on any of the provisions of the bill in virtue of approving of the second reading. I repeat that, with this understanding, I think the course suggested, in which the government now acquiesces, will prove to be best with respect to this important matter.

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

Mr. COOTE: Before the resolution is adopted formally I should like to know if the Prime Minister (Mr. Bennett) cannot give us a little more information with regard to the powers and financial operations of the board.

Mr. BENNETT: When the bill is submitted to the house the government will be glad to hear any suggestions which might be made by hon. members with respect to the powers of this board. It would be highly improper for me to undertake to say what any government might or might not do in the future. It is contemplated that the government will be given the power to give such assistance to this board as may be necessary to enable it to function. Beyond that I feel I could not and should not go. It is suggested that either a special committee be set up to which this bill would be referred or that it be referred to the standing committee. The government will welcome rather than regret any suggestions which might be made by hon. members in the form of amendments or otherwise. This is not a long bill and I do not think it is a difficult bill to understand. I believe the bill is printed as the copy I have in my hand is a printed copy which was approved this morning. If this resolution passes I would ask for first reading of the bill and take the second reading on Wednesday at which time I will make a statement as ample as possible with respect to the whole situation. By that time we will have decided whether this bill will be referred to a select committee or to the standing committee. My personal view at the moment is to refer it to a select committee of seven or nine members but this view is subject to modification as I give it further thought and consideration.

Mr. STEWART (Edmonton): I anticipate that I shall have a few things to say about this bill but I intend to wait until second reading before making any statement.

Resolution reported, read the second time and concurred in. Mr. Bennett thereupon moved for leave to introduce Bill No. 98, to provide for the constitution and powers of the Canadian Grain Board.

Motion agreed to and bill read the first time.

FAIR WAGES AND HOURS OF LABOUR

Hon. W. A. GORDON (Minister of Labour) moved the second reading of Bill No. 75, respecting fair wages and hours of labour in relation to public works and contracts.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

On section 1—short title.

Mr. LAPOINTE: I should like the minister to give the committee some explanation of this bill. We have already upon the statute books a law concerning the hours of labour on public works and under public contracts. I can see that this bill is to add the forty-four hour week to the eight hour day which exists under the present law. But this is going to apply to public works. I wonder whether it is worth while to enact this legislation at this time when this country has delegates sitting even to-day at Geneva for the purpose of considering a draft convention to establish a forty hour week, more particularly on public works either undertaken by governments or subsidized by them. The international labour conference which is now sitting and where we are represented is at this moment studying this very question, except that instead of a forty-four hour week as proposed by this legislation, the draft convention contemplates a forty-hour week on public works either undertaken by the governments themselves or subsidized by them. I would like my hon. friend to tell the committee what is the stand of Canada on the draft convention which is being submitted at Geneva at the present time. It seems that by asking the house to enact this legislation, the government is not favouring the draft convention which is being submitted to our delegates at Geneva.

I should also like my hon. friend to say whether the delegates of the government of Canada have special instructions as to the stand they are to take on this Geneva convention.

Mr. GORDON: The purpose of this bill is obvious. We have now an enactment respecting fair wages and an eight hour day for labour employed on public works for the Dominion of Canada. The substantial changes in the present bill are to implement the royal commission's report by way of the adoption of a forty-four hour week with respect to contracts for the construction, repair and so forth of federal buildings and the adoption of an eight hour day in connection with work that may be performed by a province or any other body to which the dominion government subscribes public money.

The reason is not obscure why a forty-four hour week is not imposed under section 5. It was thought by the law officers of the crown and those who advised in the preparation of the legislation that the adoption of a forty-four hour week with respect to the class of work contemplated by section 5 might very well give rise to an invitation to impeach the validity of the legislation on the ground of its unconstitutionality. Those are the substantial changes that are made in the bill from the provisions which prevail in the enactment now on the statute books.

With regard to the deliberations now being carried on at Geneva with respect to a forty hour week on similar works, I would say only this: if such a convention is adopted at Geneva, is ultimately ratified here in Canada and is translated into legislative enactment, then it will be, I think, soon enough for us to take a further progressive step in the reduction of hours of labour. These things cannot all come at once. I would prefer—and I say this with the greatest respect to the hon. member for Quebec East—to take these matters up in progressive steps as we are sure of our course and certain of the legality of the legislation which we are enacting.

Mr. LAPOINTE: But we are taking a step at the present time; we have representatives at Geneva. Surely they must have some instructions as to the stand they are to take on this question, whether we should have a forty hour week on public works.

Mr. BENNETT: As the hon. member knows, communications between Geneva and the government of Canada are carried on through the Department of External Affairs. The Department of Labour was advised of this discussion. I think the hon. member in this and other matters has overlooked the fact that no draft convention binds any country until such time as that country accedes to it. It is for the parliament of Canada to say whether or not it accedes to it. If it is unanimous on this as it has been on other conventions submitted to it during the present session, there should be no objection on that score. But the government take the view, rightly or wrongly, that inasmuch as at this session of parliament we had expressed in formal terms our approval of the convention, our delegates should be instructed to inform the committee at Geneva of that fact and indicate that this government was not at the moment prepared to instruct its representatives to vote for or against the draft convention for a forty hour week but would rather they indicate what we were doing and state that if the draft convention were passed and recommended by the international labour office—it is not, as the hon. gentleman has said, the international labour conference—and the convention, if one were arrived at, dispatched to us as soon as possible we would communicate, as we have done heretofore, with the various provinces to indicate just what had taken place so that they might make their representations known to the parliament of Canada to enable it to determine what action it would take in the way of approving or disapproving the draft convention. But in view of the fact that this bill was standing on the order paper from the earlier part of the session we would not instruct our delegates to vote for or against such a draft convention but would ask them to indicate exactly what the position was and to act accordingly.

Mr. LAPOINTE: I am grateful to my right hon. friend for stating that I had overlooked the fact we are not bound by this convention until we have ratified it. I knew that. I believe this parliament of Canada is not bound even when this draft convention is adopted over there. This question has been discussed previously. But I wish to draw my right hon. friend's attention to this fact. He seems to indicate that the delegates of Canada have no formal instruction to vote on this question when the draft convention is submitted to the conference. Well, that is what happened last year; in common with the delegates of other countries they abstained or refrained from voting, with the result that there was not a sufficient number of votes for the adoption of the draft convention. There was much criticism, in labour circles more particularly, with regard to the

stand taken by the delegates of some of the governments at the conference. I infer from the statement of my right hon. friend that our delegates have no instructions even this year, and I am afraid that the result may be the same as last year.

However, I have no objection to this bill, except that it seems a little futile that we should enact this legislation at a time when the very matter of the length of the week of labour is being considered at an international conference where we are represented and our delegates are sitting.

Mr. BENNETT: I think perhaps the hon. gentleman has overlooked the fact that even if a draft convention were arrived at there it might be five or six years before it would become effective. Therefore it is desirable that this legislation should be enacted in the meantime. Mere discussion at Geneva and arriving at a draft convention does not give it any validity as far as Canada or any country is concerned until it is ratified or acceded to. That is the reason they are called draft conventions. It may well take a period of years before final action is taken. But there is always ample opportunity to accede to the draft convention during the time that elapses from the time of its adoption by the international labour office and the time that it is sent forth to the world and a sufficient number of nations have indicated their approval to give it validity. The action taken at Geneva does not in any sense do more than launch the draft convention, to enable the nations to determine what action they shall take. Canada's action at Geneva would not have any effect to bind Canada to a forty-hour week, that would have to be done by this parliament after the convention is settled and a sufficient number of nations have acceded to it to make it effective, as perhaps the hon. gentleman knows better than I, for he has followed these things longer and perhaps with more care. But I have satisfied myself that it is desirable to enact this legislation, having regard to the long period that may elapse before any substitute legislation may take its place.

As far as our own delegation is concerned, do I understand the hon. gentleman to recommend that our delegates should be empowered to vote for a convention containing a provision for a forty-hour week?

Mr. LAPOINTE: No, I should think the Canadian government should give instructions, whatever they be, not place our delegates in a situation where they could refrain from taking a stand, as last year.

[Mr. Lapointe.]

Mr. BENNETT: Last year there had been no ratification of the forty-four hour week, and it is because we have now taken that step that we have instructed our delegates to explain just what the facts are and that it is matter for discussion. The government has had no opportunity, in view of the ratification of the forty-eight hour week to discuss with the various provinces and bodies affected what might be their considered view with respect to this matter. But if as the hon. gentleman said, action is taken in the way of a draft convention, then this parliament will in the light of the knowledge it secures in the manner indicated be able to place before the Commons and the Senate a full statement with respect to the attitude of mind of those who may be affected.

Mr. WOODSWORTH: I failed to follow the argument of the Minister of Labour (Mr. Gordon) a few minutes ago. I can understand that if after the ratification of a treaty we were bringing in legislation to implement that ratification it would be general legislation, and might have to be somewhat limited in character. But this bill does not provide general legislation with regard to the work day but is limited to the work day on public works, and works assisted by the government. I cannot quite see how the minister can take the ground that the dominion government is not competent to decide how long men may work on government works or contracts to which the dominion government is a party. It seems to me that in that case it is quite competent for this parliament to state any hours it pleases without in any way getting into constitutional difficulties.

Mr. GORDON: I do not think the question raised by the hon. member should cause any great difficulty. I am quite in agreement with him when he states that on purely federal works this parliament would have sovereign authority to make a one-hour week if it chose or a week of any other number of hours within the number contained in a week. The change with respect to purely federal works was to bring the construction of such works into harmony with the recommendations made by the royal commission on price spreads and mass buying. That amendment appears in section 3, subsection (1) (b) of the bill.

Then with respect to the new section, section 5, which deals with work to which the dominion, the federal state, may contribute by way of subsidy, loan, advance or guarantee; with respect to that class of work this enactment goes no further than the forty-eight hour week, because as I said a few

moments ago, where the work is primarily being carried on by another agency and the federal state merely contributes, then we might well imperil the legality of the bill by going further than we believe we have the right to go under the legislation recently introduced with respect to the adoption of the eight-hour day.

Mr. WOODSWORTH: That is the very point.

Mr. GORDON: Just a moment, I shall try to clear this up. But while the legislation with respect to that class of work confines the dominion to an eight-hour day ostensibly, yet—and I think this keeps us clearly within the law—there is nothing in my judgment to prevent this government entering into an agreement, say, with a province, say, with any other agency, where it seems proper that the federal state should subscribe, that one of the conditions of that agreement should be that it shall conform to a forty-four hour week or such other regulation as might be imported into such an agreement as a condition for the advance.

Mr. WOODSWORTH: Then as I understand it would be quite competent for us in any section of this bill to provide for a forty-four hour week or a week of any number of hours?

Mr. BENNETT: Forty-four is in.

Mr. WOODSWORTH: In one place it says forty-eight. My suggestion is that it seems to be quite competent for us to provide in any section or all sections for the forty-four hour or even the forty hour week.

Mr. GORDON: I am afraid I have not made myself clear. This parliament may insert any number of hours they want, and invite the impeachment of this law on constitutional grounds. That is what I do not want to see happen. But, as I have explained, in section 5—which deals with work to which the federal government may contribute—we are careful to see that we conform to the authorities and powers that we believe we presently have under the eight hour day bill which recently passed through parliament.

Mr. WOODSWORTH: But surely we would not need to contribute—

Mr. GORDON: That is exactly what I have explained. That matter can be easily made the subject of any agreement that may be entered into, and a condition imposed that certain hours of work will have to prevail if the contribution is to be made.

Mr. KENNEDY (Winnipeg): With respect to the point under discussion, referring to government contracts that are entirely federal undertakings subsection (b) of section 3 says:

> The working hours of persons while so employed shall not exceed eight hours per day nor forty-four hours per week—

Apparently the right to make that provision is unquestioned. Then turning to section 5, to which the hon. member for Winnipeg North Centre has referred, this deals with agreements for work involving dominion aid. That is, aid may be granted by loan, by credit or by any other means, to any undertaking, and we must bear in mind that such aid always will be granted under some agreement with the province concerned. In any such agreement, according to this section, there shall be inserted certain stipulations, including:

> —the following conditions respecting fair wages and hours of work, that is to say, the condition respecting fair wages set forth in paragraph (a) of subsection 1 of section 3 of this act—

and then—

> —and the condition that the working hours of persons employed in the execution of the work shall not exceed eight hours per day—

The suggestion of the hon. member for Winnipeg North Centre (Mr. Woodsworth) is that there is no reason why there should not be inserted, after the eight hour provision, the phrase that appears in subsection (b) of section 3, "nor forty-four hours per week." I quite agree with the hon. member for Winnipeg North Centre; in fact I had made a notation to suggest that these words should be inserted.

With respect to the point raised by the Minister of Labour, as I followed him he indicated that this has not been put in because it might imperil the validity of the enactment. But if you read the section in question you will see that by this bill provision is made setting a weekly maximum of forty-four hours in any undertaking into which a provincial or other body enters with the federal government, by inferring that in every agreement between this government and a province or municipality that provision will be inserted. But this whole section deals with cases in which aid is granted; this section sets out the agreement and then says that in every such agreement there shall be inserted certain stipulations. One is in connection with the eight hour day; another is in connection with the forty-four hour week. It seems to me that it is competent for this parliament to lay down the regulation that if the federal government enters into a contract with a province, a municipality or any other body

to grant aid, they can lay down the terms upon which that aid will be granted. So I submit that it would be quite competent for parliament to do so, and obviously it would be valid to insert those words in subsection 2 of section 5, namely the words "nor forty-four hours per week" after the words "eight hours per day," as appearing in subsection (b) of section 3, and I so suggest.

Mr. GORDON: I will only refer to the point once again; at least I trust I will have to refer to it only once again. It is gratifying, at least, to note that two members from Winnipeg agree on one subject at the same time. In my mind there is a clear distinction in the interpretation of this section, and of course I get some comfort out of the thought that very eminent legal minds have assisted in drafting section 5. In this section it distinctly states that the working hours of persons employed in the execution of the work shall not exceed eight hours per day. That is in harmony with the legislation which passed through this parliament only recently. Some hold the view that that legislation is not constitutional; the government believe it is constitutional. To avoid the possibility of an impeachment of this legislation by reason of an imposition, direct or implied, upon some other agency whether it be a province or a municipality—and the province is what I am directing my remarks to at the moment—the provision is made in the legislation itself that in the agreement which may be fashioned under the provisions of the bill the forty-eight hour week shall not be exceeded. I have no doubt, however, that operating under the bill itself and through to the agreement which may be entered into between this parliament or the executive as the case may be, and a province, it would be quite legal to bring the working hours into harmony with the forty-four hour week or any lesser period of time that might be a condition imposed by this parliament when a grant was being made, and to withhold a grant under such an agreement if the spending authority did not conform to the condition that attached to the grant or guarantee.

Mr. WOODSWORTH: I do not know whether or not we have made ourselves plain in this matter, but the legislation passed recently consonant with the ratification of the treaty was general legislation referring not merely to government contracts but to all work. It was in that connection that it was considered that if we had exceeded the terms of the treaty or the convention that legislation might have been regarded as unconstitutional. In this case, however, my point is that this bill deals particularly with dominion public works or such works as are assisted by dominion grants. That is a specific matter over which the dominion has control. In this measure we are discriminating between two classes of workers. On the one hand we have those on government contracts who are not permitted to work more than forty-hour hours a week; on the other hand we have those on contracts to which the dominion government makes grants, who are permitted to work forty-eight hours a week. The minister takes the ground that this section cannot be brought in harmony with the first section because we might invalidate the whole legislation.

Mr. GORDON: No. I say it can be done under the agreement but not under the bill.

Mr. WOODSWORTH: I was going on to say that the minister says it can be arranged under the agreement, but if he will turn to subsection 2 of section 5 he will find the conditions to be stipulated in every such agreement. We are talking about the very thing to which he has referred. We ask that these conditions be stipulated in the agreement; we are not asking anything else. We are simply providing that this be put in black and white in the agreement. I cannot see how in connection with any agreement there could be any difficulty about inserting the provision for forty-four hours, as was done in the preceding section.

Mr. GUTHRIE: If I understand my hon. friend's objection correctly it is that the forty-four-hour provision should be stated in connection with all contracts made for work which is not strictly speaking work performed by government servants. We make contracts here, and we can stipulate in connection with our contracts the terms we expect to be carried out. But we also make grants to provinces and to municipalities in connection with works which they propose to carry out; those are grants in aid. As the bill was originally framed and submitted to council the clause applied to all works carried on in provinces and municipalities to which we had made government grants or appropriations.

The bill was then submitted to Mr. Tilley, K.C., and Mr. Geoffrion, K.C., and they both pointed out that that provision in regard to the work performed by contractors other than government contractors would be invalid and beyond the powers of this parliament, as contravening provincial legislative jurisdiction. But they both said, "You can achieve the purpose you have in view by inserting in your bill section 5, as it appears in this measure." Namely, it was indicated that we

could insert terms in our agreements with provinces and municipalities which would bind them in respect of any terms upon which we decided. They said that if we placed it in the bill it would constitute a clear infringement of provincial jurisdiction, but that we could put it in an agreement as a term or condition upon which a grant would be made, and that by doing that we would achieve the same end. Consequently the bill is in its present form.

Mr. WOODSWORTH: Subsection 2 contains the regulation with regard to an agreement, and it specifies that we shall enter into such agreements only under certain conditions.

Mr. GUTHRIE: To which subsection do you refer?

Mr. WOODSWORTH: Subsection (2) of section 5. It reads "In every such agreement—"

Mr. GUTHRIE: "—there shall be inserted" the stipulations which I have mentioned.

Mr. WOODSWORTH: Yes, and we suggest that they be inserted in such a way as to ensure no more than eight hours a day or forty-four hours a week.

Mr. GUTHRIE: We might wish to make them less than that.

Mr. WOODSWORTH: We are asking simply this, that subsection (2) be brought into conformity with section 3. I can see no objection to that. Of course, I hesitate to take issue with the eminent counsel to whom the minister has referred, but it does seem to me that we should not simply have great names hurled at us so as to silence us. We ought to use our own brains. The government has already sponsored certain legislation about which Mr. Tilley and the other eminent gentleman expressed some doubt.

Mr. GUTHRIE: Some doubt is correct.

Mr. WOODSWORTH: Yes.

Mr. GUTHRIE: There is no doubt expressed by them in connection with this matter.

Mr. KENNEDY (Winnipeg): I should like to say a word on the point in question, namely, as to the validity of inserting after "eight hours per day" in subsection (2) of section 5 the words "nor forty-four hours per week."

I hesitate to differ from such eminent counsel as have been mentioned, but this subsection does not attempt to legislate as to the hours which any province or municipality shall stipulate. It merely provides that if the federal government grants money in aid of a province or a municipality, or in fact any other body, then it shall insert certain provisions in the agreement. In the event of there being no such regulation, when the federal government came to deal with a province asking money in aid of works the federal authorities could work out an agreement. It would competent for the federal government to make such terms as they saw fit, so long as they agreed with the other bargaining party. They could agree that they would grant money only on the condition that the men working on the job worked a certain number of hours per week or day. This section proposes to give directions to the government when entering into any such agreement that they shall insert a provision that the workman shall not work more than eight hours per day. I submit it is perfectly competent for this parliament to instruct the government to insert in any such agreement a further provision that it shall not exceed forty-four hours per week. That would not be legislating for the provinces. It would simply place the federal government, when dealing with the provinces, in the position of deciding whether or not it will enter into an agreement to grant assistance in respect of works, and in the position of stating that they will grant assistance only when that provision appears in an agreement.

Section 1 agreed to.

On section 2—Fair wages.

Mr. GORDON: I believe section 2 has been copied from the present act and gives rise to some ambiguity. Unfortunately the draftsman has carried the phraseology into this section. The section begins with these words:

> In this act, unless the context otherwise requires, "fair wages" means such wages as are generally accepted as current from time to time for competent workmen.

That wording, as hon. members will realize, might cause great confusion. A contract might be entered into to-day and wages change to-morrow. In order to clarify the situation I should like to move:

> That section 2 of the bill be amended by striking out the words "from time to time" in the third line of the said section, and substituting therefor the words "at the date of the contract, when such work is being performed by contract."

Mr. GUTHRIE: I so move.

Mr. MACKENZIE KING: May I ask the minister if that does not change the intention of the definition as set forth in the original act? Was the definition not intended to leave room for the possibility of altering the rate, assuming that the wages in the district were to alter over a period of time? For example, in a contract running for three or four years the rate might be one thing this year and another next year. I believe it was the intention in the original definition to indicate that if the general rate altered, the rate in the government contract should be made to correspond with it.

Mr. HEAPS: I do not believe the amendment would clarify the situation. I am of the opinion the point raised by the right hon. gentleman is pertinent, and the difficulty he points out would cause trouble in the event of a contract continuing for twelve months. The whole clause appears to be ambiguous, because it uses the expression "accepted as current from time to time" or, as the amendment suggests, "at the date of the contract." I can find nothing in the section which in any way compels the government to accept any fair wage clause or fair wage legislation which may be in operation in the various provinces. There may be in operation in a province a fair wage act which specifies certain wages to be paid on a certain class of work to mechanics or labourers. Under its present wording this section does not indicate that the fair wage must be accepted. But there may be wages paid that are considerably below the wages specified in the fair wage act and yet it might be the current rate of pay. You might have a dual rate of pay in a district, and unless this clause is made more specific than it is at present it probably will give rise to a good deal of confusion and misunderstanding. I would like to see something in this clause which would compel the contractors in various parts of the country to accept wherever they are in effect the fair wage laws of the provinces and pay that rate of pay on all government contracts. I think the word "current" should be cut out entirely from the clause. At the present time I think the minister must know that there is a good deal of dissatisfaction, and strikes I believe in one or two places, where government contracts are being carried on because the wages paid are below even the accepted rates of pay as understood in those localities. If this clause is going to give rise to confusion I think the minister ought to make it more specific than it is at the present time in order that there may be no misunderstanding wherever government contracts happen to be let.

[Mr. Guthrie.]

Mr. GORDON: Mr. Chairman, in the light of what the right hon. leader of the opposition has said we are prepared to drop the amendment. With respect to the observations made by the hon. member for North Winnipeg (Mr. Heaps), if there has been any strike on federal government contracts by reason of the non-payment of fair wages I would like to be advised if the hon. member knows of any such strikes, because great care is taken and has always been taken by the Department of Labour to see that fair wages as defined by the act are inserted in the schedule attached to and which becomes a part of the agreement of every contractor who is contracting to do and is doing federal construction work. If that contractor does not pay the wages according to the schedule which is part of his contract, then when the Department of Labour is notified, and it does not need to be any formal notification, just a letter or a post card or a telegram, investigation is immediately made, and if it is found that in any class of labour on federal works the contractor is failing to pay the wages as stipulated by the Department of Labour and accepted by the Department of Public Works the amount is at once held back from the contractor until full investigation is made, and if it is found that the allegations are correct the amount is paid direct to those who have been underpaid according to the terms of the agreement.

Mr. HEAPS: I will give the minister privately a couple of instances perhaps later on in the afternoon, because I do not want to bring the names of any individuals into the discussion. But I do know of two instances. I think there is some trouble right now in the contract let for the building of a post office in Montreal. I have sent out for the newspaper files. There are also low wages being paid on government contracts in Manitoba, the facts of which I shall be glad to let the minister have.

Mr. GORDON: I would be glad to be advised of them.

Mr. HEAPS: What I am trying to do, Mr. Chairman, is to have this clause made a little more specific than it is at the present time because the word "current" referring to current wages is very ambiguous. The wages in a district may be only thirty cents per hour, and yet the wage stipulated by the fair wage act of the province may be forty-five cents per hour. In that case the contractor would be quite justified, according to the wording of the act, in paying the lower rate of wages because strictly speaking he would be within the terms of the act. I am asking

the minister if he will not so word this clause as to compel the contractor to pay the wages as specified in the fair wage acts of the various provinces and of the dominion.

Mr. GORDON: Mr. Chairman, I think that upon reflection the hon. member will not pursue that argument further. Surely the federal government is quite as able to determine what fair wages are as any province of Canada, and I do not say that disrespectfully of any province. If section 2 is examined further it will be observed that fair wages not only means "such wages as are generally accepted as current from time to time for competent workmen in the district in which the work is being performed," but at the end of the section there are these words, "but shall in all cases be such wages as are fair and reasonable." We have very competent officials who determine both those sets of facts, if both have to be determined—what fair wages are generally accepted as current in the locality, and in addition thereto, if the wages that are generally accepted as current are not fair and reasonable wages, our officers will fix as the wage a wage that is fair and reasonable rather than the current wage. I must say that in my experience in the Labour department in the last four or five years I have run across no difficulties, or difficulties so indifferent that I have not charged my memory with them, where the wages fixed by the department have not been fair and reasonable. Sometimes they are the current wages. They are never lower than the current wages, and very frequently they have been higher.

Mr. NEILL: Would the minister indicate the nature of the amendment he proposed? I have only just come in.

Mr. GORDON: The amendment has been withdrawn.

Mr. NEILL: What was its nature?

Mr. GORDON: It was proposed to strike from the third line of section 2 the words "from time to time" and insert in lieu thereof the words "at the date of the contract when such work is being performed by contract." It was pointed out by the leader of the opposition that a contract for a considerable period of time might well work a hardship upon employees, and upon his suggestion the amendment was withdrawn.

Mr. MacINNIS: Just a word on this clause as to wages that are fair and reasonable. Evidently the contractors would have to have some indication of the wages they would have to pay before they could tender on the contract. They may have tendered intending to pay the prevailing wage. That is the wage which the fair wage officer must take into consideration. I understand that it means that the fair wage officer must find out the prevailing rate, how many employers there are in the district and how many pay such and such a rate, and if more pay a certain rate than another rate the rate paid by the greatest number is accepted as the prevailing rate. When and how is the government going to come to the conclusion that the rate being paid is not a fair and reasonable rate. Who is going to determine it? Is it going to be determined after a complaint from some of the employees on a particular work, or is the fair wage officer going to investigate and report to the government as to the wages being paid?

Mr. GORDON: The fair wage officers of the Department of Labour determine what the fair wages shall be with respect to any contract, and in determining what fair wages shall be they certainly inquire into what are the current wages for competent workmen in the class of work to be performed. They undoubtedly inquire as to whether or not there is a prevailing rate of wages and in all cases they are charged with responsibility of seeing that the wages paid are fair and reasonable. If the hon. member for Vancouver South (Mr. MacInnis) will investigate, as he undoubtedly has, the wages paid on federal contracts, he will find that very frequently the fair wage officers of the department have insisted upon the payment of wages which were higher than the current or prevailing rate—"prevailing" is not used in the statute—in order that the wages paid may be fair and reasonable. That has been the policy of the department and I trust it will be the policy in the future.

Mr. NEILL: That section has been in use for many years.

Mr. GORDON: Yes.

Mr. HEAPS: In the case of a dispute would the Department of Labour accept the fair wage act of the particular province in which the dispute might occur?

Mr. GORDON: It is not likely that the dominion would cast aside the judgment of a province with respect to a matter of that kind but the dominion would not be prepared to accept the statement of a province as to what was fair and reasonable wages. All these matters would be inquired into from all angles, including what was the judgment of the province as to what was fair and reasonable wages.

Mr. HEAPS: There might be two sets of wages for the same class of work and difficulty might arise. In order that the uniformity of pay within a province should be maintained I think the government should be prepared to accept the judgment of the provincial authorities as to what was considered fair and proper within the province.

Mr. GORDON: In my judgment that is just what the dominion government should not do. I do not think the dominion government should be committed to paying wages which are high or which are low simply because a province has adopted a scale and considers it as the proper current rate. The endeavour of the federal government is to see that fair and reasonable wages are paid on federal works. If the hon. member thinks over this matter I believe he will banish from his mind the idea that the true intent and meaning of this legislation would be brought about by the federal government subscribing to the judgment of the nine provinces of Canada as to what was fair and reasonable wages.

Section agreed to.

On section 3—Government contracts for work subject to certain conditions.

Mr. MACKENZIE KING: Is it not a general rule that where the eight hour day prevails the forty-four hour week also prevails?

Mr. GORDON: I have no doubt that the forty-four hour week does prevail in some undertakings but there are many industrial undertakings where it does not prevail.

Mr. MACKENZIE KING: Is it not true in many trades, usually where the eight hour day prevails, the men knock off on Saturday after working four hours, which makes a forty-four hour week?

Mr. GORDON: That may be true but it is not my understanding of Canadian industry.

Mr. NEILL: This section calls for a forty-four hour week.

Mr. GORDON: Yes.

Mr. MacINNIS: Certain building trades in Vancouver have had the forty hour week for some years and I should like to know if these men will be compelled to work a forty-four hour week?

Mr. GORDON: It says, "shall not exceed."

Mr. RINFRET: I should like to repeat the observations I made when the eight hour day bill was before this committee. At that time I referred to special work, either seasonal or intermittent. The men engaged in such work are afraid that this eight hour provision will prove harmful. In the harbour of Montreal there are several thousand men who work only during the summer, some of them for only a part of the summer. Instead of having a time limit placed upon their work they are anxious to work longer hours as that provides compensation for the time they do not work. While in theory the eight hour day and the forty-four hour week may be very nice, when it comes to practice in these times we are much more concerned about the people who are not working rather than limiting the hours of those who are working. I notice that subsection (b) of this section provides for cases such as I have mentioned, when it states:

—or except in cases of emergency as may be approved by the minister.

The minister was very kind in meeting the suggestions I made when we were dealing with the other bill, and I should like to know from him whether this bill is to have the same effect. Will the government or the minister be able to allow men working in harbours, for instance, to work more than eight hours a day or forty-four hours a week? I have been greatly interested in the theoretical social reform legislation with which we have been busy for most of the session but when I go back to my people I find that they are not looking for minimum wages, they are looking for wages of any kind; they are not complaining because they have to work too much, it is the other way around, they are afraid that their week will be shortened. When the eight hour day bill was before the committee the longshoremen were afraid that it would interfere with them and I have had similar requests in connection with this bill from men employed by the government in the harbour of Montreal. They are not very anxious to have their work limited to so many hours a week when they know that the previous week they have not worked or may not work in the week following.

Mr. GORDON: Mr. Chairman, the object sought by the government in the reduction of hours is just what the hon. member for St. James (Mr. Rinfret) has referred to: That is, to spread the work among more people by reducing the number of hours. But in cases like those suggested by the hon. member the inclusion in section 3 (b) of the right to except, was for the purpose of excepting from the operation of the bill those who work intermittently and perhaps for a very short time throughout the year.

Mr. ELLIOTT: Does the minister make a distinction between prevailing rate of wages and current rate of wages? I notice he uses both terms. I understand in some cases a distinction is made between the two.

Mr. GORDON: I never made any distinction.

Mr. MacINNIS: Subclause 2 of this clause reads:

> The provisions of this section shall not apply to the purchase of materials, supplies or equipment—

And so forth. Is the government going to take any steps to see that fair wages and fair conditions shall obtain in the production of these supplies?

Mr. GORDON: The subject raised by the hon. member for Vancouver South has been debated many times in connection with both this and former legislation. It is my view that the government cannot fix wages where materials, supplies and equipment are being purchased, that is, traced back to the various factories or departments of factories where these things are being manufactured. This would not be practicable in the first place. If the federal government are paying higher wages, as they very frequently and indeed in most cases do, than industry is paying or able to pay; in other words, if they are giving at least some lead to those who are able to pay higher wages, then, if they were to undertake the project their activities back behind the actual construction, because we are dealing with construction of buildings, into the wages that are being paid in the manufacture of supplies that go into such buildings and that are not made on the ground, I think we would be in great difficulty and I doubt seriously whether this could be administered.

Mr. WOODSWORTH: Perhaps in some cases it might not be possible to trace materials back far enough, but in many cases, especially in connection with building, this could be most readily done. For instance stone comes from a certain quarry. There are certain quarries in which fair wages are paid; there are others in which unfair wages are paid. Surely it is quite possible for the Dominion government to purchase only from those quarries where fair wages are being paid. The same thing is true with regard to steel used in certain building construction. We have some factories in which it is known fair wages are paid; there are others in which it is generally known unfair wages are paid and sweating conditions prevail. I think the report of the price spreads commission recommends that action be taken by the government along this line and even goes so far as to suggest general legislation so that there would be something in the nature of a white list and a label provided in order that we might know whether articles are being produced under fair conditions. Whilst it might be difficult to do that with regard to a number of commodities that pass through several hands, it is quite easy to do it with regard to materials that enter into building construction.

Section agreed to.

Section 4 agreed to.

On section 5—Agreements for works involving dominion aid.

Mr. WOODSWORTH: In harmony with my presentation of a few moments ago when on clause 1 the question of constitutionality was being discussed, I beg to move:

> That in line 29 after the word "day," there be inserted the words "nor forty-four hours per week."

I do not think it is necessary for me to repeat the arguments advanced half an hour ago.

Mr. GORDON: I have already covered the ground with respect to the observations made by the hon. member for Winnipeg North Centre which have now found expression in the amendment he proposes. It is, I think, very desirable that when we are passing any legislation and particularly legislation that may challenge or invade provincial rights, every possible kind of precaution should be taken to see that any measure passed through this parliament is not open to impeachment upon the ground of its lack of constitutionality. I have already pointed out that section 5 establishes a forty-eight hour week and imposes a forty-eight hour week upon those who carry on operations to which the dominion government subscribes under section 5. The reason that a forty-eight hour week is imposed is because the federal parliament has established by legislation a forty-eight hour week. The opinion of the law officers of the crown and of very profound men who are students of constitutional law is that if a forty-four hour week is placed in the statute itself, that leaves it open to impeachment; but in order to make it possible that a forty-four hour week or less may prevail in connection with the expenditure of moneys by a province—and I cite the province as an instance—where the dominion contributes to that expenditure, provision is made that an agreement be en-

tered into pursuant to the terms of this legislation, and in that agreement the condition may be imposed as to working hours per week. In other words the measure is inviolate; it provides that the working hours per week shall not exceed forty-eight, which we believe to be constitutional, and the stipulation can carry through into the agreement when one is entered into: Here is the dominion's contribution to you, but we will give it only on condition that you subscribe to, say, a forty-four hour week. They can either take it or leave it. In my view this places the legislation beyond reach of impeachment and places within the hands of the dominion government or the executive, as the case may be, the right to impose those conditions in the agreement.

Mr. WOODSWORTH: I cannot let the minister get away with an argument like that. In section 3 we provide for fair wages. I submit that the provinces have control of wages under the British North America Act, I think the minister will not question that. Yet in section 5 we proceed to say that the condition respecting fair wages set forth in paragraph (a) of subsection 1 of section 3 shall be insisted upon. We do insist upon fair wages, a matter under the purview of the provincial authority, but we do so because, and only because, we are entering into an agreement. If it is true that we can stipulate what wages shall be paid I submit that we can also stipulate what hours can be worked. I am inclined to think that this whole matter must have arisen through some error in draftsmanship, because there is no real reason behind it. It seems to me to be eminently reasonable that if the minister could insist that wages should be not high or low simply to conform to the provincial scale, then the hours should not be short or long simply because there may be some provincial arrangement prevailing. This is a provision which relates, as subsection 2 very clearly indicates to the conditions to be stipulated in the agreements, the very thing the minister is talking about. I do not think it is a constitutional question at all. The minister has not shown how it affects the constitution. He simply asserts that he has had certain advice. I should like to have him produce the advice on this particular matter in written form; then we should be able to use our best judgment as to whether or not we think it is sound.

Mr. GUTHRIE: Section 3 of the bill provides for the payment of fair wages, for an eight hour day and a forty-four hour week. In section 5, subsection 2, instead of repeating the language of these clauses it is provided that:

[Mr. Gordon.]

—the condition respecting fair wages set forth in paragraph (a) of subsection one of section 3 of this act and the condition that the working hours of persons employed in the execution of the work shall not exceed eight hours per day except in such special cases as the governor in council may otherwise provide or except in cases of emergency which may be approved by the minister.

That part in relating to hours is identical with paragraph (b) of section 3.

Mr. WOODSWORTH: No, it is identical but for the one clause which I asked should be inserted: that is in line 29, after the word "day," there should be inserted the words "nor forty-four hours per week." It is identical with that exception.

Mr. GUTHRIE: I do not see any objection to putting that in.

Mr. LAPOINTE: Except that according to the Minister of Labour the law officers of the crown and two eminent counsel who have been specially consulted in the matter have declared that it would be invalid.

Mr. GUTHRIE: Not as a stipulation in an agreement.

Mr. LAPOINTE: That is what the Minister of Labour said.

Mr. GUTHRIE: Not as a stipulation in an agreement, but as an enactment affecting labour laws in the province it would be invalid. But the counsel say you can achieve your purpose by stipulating expressly in your agreement upon what terms your money is granted. If we seek by legislative enactment to interfere with wages or hours of labour in the provinces, saving in regard to our rights under the conventions which we have adopted, then we are at least on controversial ground; our counsel say our act would be invalid. To get around that invalidity we are stipulating in the agreement for these very things. For myself I do not see any objection to placing "nor forty-four hours per week" there, as they appear in subsection (b) of section 3.

Amendment agreed to.

Mr. ELLIOTT: Is this not section 5 practically enacting what the practice is now under certain orders in council that have been passed?

Mr. GORDON: You mean the resolution of thirty-five years ago and the subsequent order in council of fifteen years ago?

Mr. ELLIOTT: There are certain orders in council, I understand, providing for what is now sought to be enacted by section 5. Am I correct?

Mr. GORDON: In a measure, but section 5 goes further.

Mr. ELLIOTT: Would the minister tell us to what extent it does enlarge upon what is stated in those orders in council?

Mr. RINFRET: I understand there is an essential difference between clause 3 and clause 5. In clause 3 we are dealing with dominion government contracts; in clause 5 we are dealing with works to which the government contributes, but which are carried on not by the government but by individuals or provinces. Is not that the reason clause 3 is drafted differently from clause 5?

Mr. GORDON: Yes.

Mr. RINFRET: When the Minister of Justice spoke he did not seem to make that distinction. I gathered that the government still maintains that it can impose the eight hour day on account of stipulations in the treaty of Versailles, but has no authority to impose a forty-four hour week. Are we now taking a new attitude on that last point?

Mr. GUTHRIE: We are trying to meet the very problem that my hon. friend has stated. The treaty of Versailles, by which we are bound, and the convention we have adopted, provides for a forty-eight hour week. Under these present arrangements, on all government work we are limiting the week to forty-four hours. In cases where we make grants either to provinces or to municipalities we are not in a position to dictate these provisions by legislation, but we can achieve our end by making a stipulation in our agreements that we will not grant the moneys unless they agree to these particular terms. An enactment that they shall do so would be invalid.

Mr. RINFRET: I do not want to press the point, because with my leaders I do not accept the attitude of the government that we have authority even by the treaty of Versailles to impose an eight hour day. But I thought the government had contradicted itself; perhaps I am wrong in that point, I was quite aware that by the treaty of Versailles the stipulation was for a forty-eight hour week. Now we have gone to forty-four hours.

Mr. GUTHRIE: On government works.

Mr. RINFRET: The Minister of Justice led us to understand that the reason forty-four hours did not appear in clause 5 was that the legal authorities had given an opinion that it should not. We seem to be losing ground constitutionally every day. Perhaps to-morrow we shall have a bill for a forty hour week. I am not pressing the objection, because as I say personally—and as a member of the Liberal opposition I follow my leader—we should not have legislation on that matter at all.

Mr. ELLIOTT: I wonder if the minister could tell us the differences between the order in council and the enactment?

Mr. GORDON: The difference as reflected in section 5 is that it applies the fair wages policy of the federal government to work done or moneys spent where the Dominion of Canada makes a contribution, subsidy, loan, advance or guarantee for aid in construction and so on. That is the main enlargement of the old resolution; where we make a subsidy or a grant, say to a province, under section 5 we have the right to impose the fair wages policy of the dominion government in connection with the work.

Section as amended agreed to.

Sections 6 and 7 agreed to.

On section 8—Date of coming into force.

Mr. ELLIOTT: I see this will not come into force until May 1, 1936, and shall not apply to any contract with the government of Canada existing at that date. Why defer it for that length of time?

Mr. GORDON: It will be recognized that it is quite difficult in bringing into force an act of this kind to fix an arbitrary date that will not seriously interfere with existing rights and contractual obligations. It was thought that by postponing the operation of the act until the date mentioned an opportunity would be given to have present contracts completed and, if I may put it in this way, to educate those in the contracting business in the new order of things in order that they might accommodate themselves to this legislation. It may be that the act has been postponed too long, though in the judgment of the government it is not too long a postponement.

Mr. WOODSWORTH: Have we not already a sufficient number of exemptions in the particular clauses without having this general exemption which might invalidate the whole act? This section provides that exceptions may be granted—

> —to any contracts, agreements or works thereafter made or undertaken which are by order of the governor in council declared to be excepted from the operation of the provisions of this act.

It seems to me that this really throws the act wide open again, and that it is hardly necessary in view of the exceptions noted in the particular clauses.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

PUBLIC WORKS PROGRAM

CONCURRENCE IN SENATE AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in an amendment made by the senate to Bill No. 63, to create employment by public works and undertakings throughout Canada and to authorize the guarantee of certain railway equipment securities.

He said: The only amendment made by the senate is in line 36 of section 7 on page 2 of the bill, which now reads:

—with respect to a certificate as to the wisdom of such recommendation made by the chief or the assistant chief engineer—

That is, it shall be accompanied by a certificate of the chief or assistant chief engineer or architect in charge of such work. The senate have added the words "as to the wisdom of such recommendation made by."

Mr. LAPOINTE: Is this in connection with tenders?

Mr. BENNETT: It is in connection with cases in which tenders are not required.

Mr. ELLIOTT: It tells what the certificate is to be?

Mr. BENNETT: Exactly.

Motion agreed to; amendment read the second time and concurred in.

COMBINES INVESTIGATION ACT

Hon. W. A. GORDON (Minister of Labour) moved the second reading of Bill No. 79, to amend the Combines Investigation Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Short title.

Mr. LAPOINTE: Perhaps the minister will explain the bill. Is it exactly in conformity with the recommendations of the price spreads commission?

Mr. GORDON: Yes, in substance. It is to amend the present act to give effect to certain of the recommendations made by the price spreads commission, but the major change is to transfer the powers at present invested in the registrar and the Minister of Labour to a federal industry commission, which it is contemplated establishing under the Dominion Trade and Industry Commission Act. Then the remainder of the amendments are merely to bring the present act into conformity by substituting the commission for the registrar, and I believe in one or two instances for the minister, so that throughout the present act the amendments will conform.

Mr. WOODSWORTH: I believe under the present act the minister takes the ground that the report of the registrar need not be made public. Under the amended law will all reports of the commission be made public?

Mr. BENNETT: The hon. member will recall that in connection with the tariff board we had a long discussion about this matter. The two acts will be read together, so far as that is concerned, and the tariff board would be the judge as to whether it was not in the public interest or unfair to the individual to have the investigation published. That is, obviously everything is not published, but everything is not secret, and the board shall be the determining tribunal with respect to that feature of the matter. That is what has been determined in the past in connection with the Tariff Board Act.

Mr. WOODSWORTH: It seems to me that this is distinctly a retrograde step, because under the Combines Investigation Act which we have had in the past at least the commissioner's findings were made public. Some of us have claimed that the registrar's findings should also be made public. Apparently, however, we are now to have a new commission, namely the tariff board, which shall have power to state whether or not its findings shall be made public.

Mr. BENNETT: No; I think the hon. member misunderstood me. I referred to the evidence, not the findings.

Mr. WOODSWORTH: I am speaking about the findings of the commission and my question was as to whether or not the findings were to be made public. Did I understand the Prime Minister correctly?

Mr. BENNETT: No. I was dealing with the evidence. The hon. member will recall that a great deal of discussion took place on this point when the tariff board was set up. The findings of that board are made public.

Mr. WOODSWORTH: My question is whether or not the findings of the commission will be made public.

Mr. BENNETT: Yes.

Mr. WOODSWORTH: Not the evidence. At the present time the minister takes the ground that the reports of the registrar need not be made public. The question was whether or not under the new arrangement the reports of the commission would be made public.

Mr. GORDON: Yes, they will be made public.

Mr. ILSLEY: After reading the act I would not think that to be so. In the Combines Investigation Act the matter is covered in two or three sections. Reports of commissioners were made public, unless there was a provision in the report recommending against publicity, but the section dealing with reports of the registrar was silent. The minister took the view that the section being silent he had no authority to make the reports public. I know however it was the view of members of the price spreads commission that that opinion was incorrect, that the act being silent the minister had a discretion in the matter and could make the reports of the registrar public or otherwise, as he wished. In Bill No. 86, providing for the establishment of a dominion trade and industry commission, section 28 states:

> The commission shall within fifteen days after making any report, recommendation or finding under this act make the same public in such manner as seems desirable unless the commission is unanimously of the opinion that the public interest would not be served by publication or that the public interest would be better served by withholding publication.
>
> (2) Wherever possible the commission shall with the report, recommendation or finding make public the reason and the facts upon which the decision is based.

I do not know at this time whether that section applies to reports made under the Combines Investigation Act, but I assume that is the section that applies.

Mr. GORDON: It will apply.

Mr. ILSLEY: Yes, it will apply when the two bills are passed. We gave some thought to the matter of publicity when we were considering the evidence placed before the price spreads commission. The members of that body were of the opinion that there was no good reason why reports should not always be made public.

Mr. GORDON: Of the registrar?

Mr. ILSLEY: Yes. There might be reasons why all of the evidence in a case should not be made public, but we concluded that there was no good reason why every report should not be made public. There are a great many instances where six persons apply to the registrar, under the Combines Investigation Act, alleging that a combine exists and asking for an investigation. The registrar looks into the facts and circumstances and decides that the six persons who signed the application did not fully go into the matter, that they are proceeding on hearsay evidence and that they are wrong. In such event he would make a short report indicating that there was no reason why there should be any investigation. From time to time such reports are made. It is a very common thing for a few individuals from one part of Canada or another to write the registrar and allege the existence of a combine. Upon looking into the facts the registrar sometimes decides that what these people allege to be a combine does not contain the statutory elements of a combine, and makes a report to that effect. That would be the end of the matter. There is no reason why those reports should not be made public; they cannot possibly hurt anybody. When the registrar finds that the facts are such as to warrant an inquiry he may proceed to investigate and may in the end find that a combine exists. It may be that on some occasions a court may find that a combine did not exist. Only once in the history of the administration of the Combines Investigation Act has a judge found that a combine did not exist when in the first instance the registrar had found that it did; in every other case the court has corroborated the finding of the registrar. It seems to me rather theoretical and fanciful to state that in publishing the findings any injustice would be done. An intolerable condition exists when we permit the making of expensive and important inquiries into alleged combines and have the reports kept secret. That is what has happened.

We took enough evidence before the price spreads commission to know that in the rubber trade there is a condition of affairs which apparently constitutes a combine. We tried to get the report which was made in connection with this industry, but could not get it; it was kept secret, and has not been published. I can see no reason why it should not be published. It is most important, if matters of this kind are to be considered intelligently by governments or parliaments that publicity be given to them. I believe the hon. member for Winnipeg North Centre is asking for full publicity of reports, and if I understand his position correctly I strongly support it. I am sorry the necessary provision to bring that about is not made in this bill.

Mr. WOODSWORTH: Decidedly I believe in such publicity, but I was attempting to get at the facts of the case. A few moments ago I asked the minister if all the reports would be made public, and apparently he was not quite sure. In the meantime the Prime Minister stated that in the case of the tariff board the evidence was not made public. I had not been talking about the evidence but about the report, and I again asked the minister, who stated that all reports would be made public. Then the hon. member for Hants-Kings (Mr. Ilsley) read section 28 of the trade and industry commission bill, and I understood the minister to say that it was that act that applied in this case. If it does then it is quite obvious that the publication of these reports is not automatic but within the discretion of the commission, and in enacting this legislation we are taking a retrograde step because in the past, although we could not get the registrar's reports, at least we got the reports of the commission. Now apparently the commission itself may decide whether or not it gives us any report. I am strongly of the opinion that we should have full publicity with regard to these matters.

Mr. ILSLEY: I just want to add to what I said that the evidence before the price spreads commission revealed a startling concentration of business in Canada, great numbers of large corporations and what the experts call monopolies and quasi-monopolies. Times are changing. It may have been quite proper twenty or thirty years ago to be very careful as to what publicity you gave to matters of this kind, but it is highly important in these latter days that the public have all the facilities possible for coping with these great concentrations of industry, and to that end it seems to me important that the public be acquainted with the true state of affairs. The act is being amended not only to cover combines but to give better facilities for coping with monopolies such as mergers and the like, and it is exceedingly important that the public be acquainted at once on the conclusion of an investigation with the true state of affairs. If, for instance, eighty-five per cent of the packing industry gets into the hands of one company, which is what would happen if two of the largest companies were to merge at the present time, that is a fact which the public should know, and know at once. It would be revealed by an investigation under the Combines Act as amended, and it is not a fact that the commission should have the discretion to keep to themselves. There is no danger that I can see about publicity. The danger that always used to be urged was that publicity might prejudice the mind of the public in the event of a criminal prosecution, but an official report is no more likely to do that than the irresponsible reports in the newspapers—not nearly as likely, because what the registrar or what the commission finds about these great combinations and monopolies and quasi-monopolies is quite certain to be true. I would urge that the government provide for full publicity of these reports rather than leave it to the discretion of the investigating commission.

Mr. GORDON: The question of what sort of report, whether the report of the registrar's inquiry or of a commissioner, should be made public and be given publicity has been the subject of discussion since the first legislation was enacted in 1910, and upon its subsequent reenactment with amendments thirteen years afterwards. Rightly or wrongly, the Combines Investigation Act at present in force is silent with respect to publicity to be given to the report of the registrar, whether that report be a final or an interim one. It is equally true that since the act was amended in 1923 the practice of the Department of Labour and of the federal government has been to treat the silence of the legislation with respect to publicity as constituting the foundation of proper practice, that these investigations and inquiries should not be made public.

Mr. ILSLEY: I have in my possession a report dealing with the P.A.T.A., a report that was made by the registrar. Two reports were made in 1925 and 1926, one by the registrar and one by the commissioner, and the registrar's report was printed and published.

Mr. GORDON: It may be that the registrar's report was published but I am stating that the general practice was not to make them public. The act, of course, did and does make provision for publication of a commissioner's report. When the Combines Act was before parliament in 1923 a long discussion took place with respect to its operation and with respect to what was expected of it in the way of curbing combines and monopolies which were against the public interest and in restraint of trade. Great things were expected of the combines act, and so far as the act went I think it did bring about some sort of useful progress. But there is no manner of doubt that while the present combines act was upon the statute book great combines came into existence. I am not prepared to condemn them as detrimental to the public interest, or to commend them as the kind of monopoly that is in the

public interest—for there are the two kinds, as everyone admits. But with respect to the publication of a preliminary inquiry into the business of people where full facilities are given for such inquiry and where it is expected that a full and confidential disclosure shall be made of all the intimacies of the business, I have no doubt that that was the consideration that influenced those in the past to be extremely careful about publishing to the world and to the man's competitors the complexities and the inner workings of his business. I am sure that every member of this House of Commons could have his own private business investigated and would welcome complete publicity with respect to his every activity, and that every member would emerge as pure as the driven snow, but at the same time there were those in years gone by who thought that to make public a confidential and complete disclosure of all a man's business was something that should not be done in a hurry, that the information should not be just poured out through a funnel for his competitors. I believe that was the argument that then prevailed, but as the hon. member for Hants-Kings has said, since the investigation of last year, times have changed. We are undoubtedly in changing times, and perhaps it is proper and right that these things should be published to the world, whether they are right or whether they are wrong, on the principle I assume that if a man is right his business should be known to everybody, and if he is wrong he should be pilloried at once. These are just observations that you can take in any way you like. But would it not be better to defer the argument as to the publicity which should be given to these matters until section 28 of Bill No. 86 is before the committee. The section has been read already to the committee by the hon. member for Hants-King and I shall not burden the committee with a re-reading of it. In substance it states that within fifteen days after making any report "the commission shall make the same public" if they deem it in the public interest to do so. That bill has not been dealt with in committee, and I think it would be desirable to await its presentation in order to determine the extent to which this section might be amended. Section 28 of the dominion trade and industry commission bill might be amended also in order that the proper course may be taken. Let us hope that we do adopt the proper course in all cases. I suggest that we postpone this discussion until the section which deals directly with the matter is under review.

Mr. WOODSWORTH: Contrary to his previous statement, the minister now admits that these reports are not all made public.

Mr. GORDON: I scarcely think the hon. member can pin me down like that.

Mr. WOODSWORTH: Will the minister make a direct statement?

Mr. GORDON: Section 28 says that within fifteen days of making any report, recommendation or finding under the act the commission shall make the same public in such manner as seems desirable unless the commission is unanimously of the opinion that the public interest would not be served by publication or that the public interest would be better served by withholding publication.

Mr. WOODSWORTH: Is that in this bill?

Mr. GORDON: No, that is section 28 of Bill No. 86.

Mr. RINFRET: I think this discussion is very improper. The bill now under consideration is based principally upon the establishment of a commission which does not now exist and will not exist until Bill No. 86 has been passed. The present bill might be passed and sent to the senate, and the house might decide not to adopt the other bill. It is close to six o'clock and perhaps the minister will consider whether we should not deal first with the other bill. That bill, which states that "commission" means the Dominion Trade and Industry Commission which will be established under the Dominion Trade and Industry Commission Act, 1935, has not been read a second time and might not be adopted by this house. What would be the good of this bill if the other were not adopted?

Mr. GORDON: It might be well to take up the other bill first.

Mr. RINFRET: The minister has found it necessary to refer to a section in the other bill in order to make his point clear. Perhaps he would give some thought during the dinner recess to the question whether we should not go on with the other bill first.

Mr. ILSLEY: One section of this bill repeals a large part of the Combines Investigation Act. If that is repealed and there is no commission set up, we would have no legislation.

Mr. GORDON: There is virtue in what the hon. member for St. James (Mr. Rinfret) has said as to the order in which these bills might properly be taken up. I shall consider this during the supper recess.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. GORDON: In the light of what has been said with respect to the other bill, I would move that the committee rise, report progress and ask leave to sit again.

Progress reported.

CRIMINAL CODE AMENDMENT

The house resumed from Wednesday, May 29, consideration in committee of Bill No. 73, to amend the criminal code—Mr. Guthrie—Mr. Morand in the chair.

On section 6—Discrimination in trade.

Mr. GUTHRIE: Returning to this bill which was partly discussed on a former occasion, I think I should put on record the recommendation of the price spreads commission with regard to the matters with which it deals. At page 135 of the report of the royal commission, certain amendments to the criminal code are recommended. I need not read that section. On page 246 there is another recommendation in regard to fraudulent advertising, dealt with by clause 4 of the bill, but the portion of the report which I desire particularly to read is at page 270. I will start in the middle of the page:

> We suggest that practices should be prohibited as unfair which are characterized by bad faith, fraud, misrepresentation, or oppression; which are resorted to for the purpose of destroying competition or eliminating a competitor; which facilitate the development of monopoly; or which destroy fair com-competitive opportunity and prevent the survival of those who can organize and carry on the production of goods most efficiently. It is in this sense that the word "unfair" should be used in the act.
>
> Without attempting to restrict the application of this test of "unfairness" by the commission, we feel that certain practices which we have examined should very definitely be considered "unfair" under the act. They are so widespread and generally condemned that their complete prohibition by the commission is justified. We refer specifically to—
>
> 1. discriminatory discounts, rebates and allowances,
>
> 2. territorial price discrimination and predatory price cutting.

The reference in the extract which I have just read is to the trade commission which is recommended in this report and is not to the criminal code. Clauses were drafted to carry into effect that recommendation for the purpose of inserting them in the federal trade commission measure, but immediately we had done so we realized that our troubles were beginning. In view of the decision of the judicial committee of the privy council in respect to the Board of Commerce Act and the Combines and Fair Prices Act, if we had placed in that bill prohibitory sections in regard to the matters recommended in the report, according to the opinion of the law officers of the department they would have fallen to the ground as ultra vires; they could not be supported. It is true that the general regulation of trade and commerce is, under the British North America Act, within the competence of this parliament; but the moment you go to the point of interfering with private rights, the moment you begin to fix prices, to interfere with contracts or matters of that kind, you have gone, according to the decision of the judicial committee of the privy council, beyond the realm of the regulation of trade and commerce. Property and civil rights within a province are within the exclusive jurisdiction of the provincial legislature, and for that reason these sections which were drafted originally for the trade and commerce bill were omitted from it. While there was serious doubt as to our right to pass such legislation—and indeed it was not doubtful; it was definitely decided that we had no such right—we have the right in this parliament to pass criminal laws as we see fit to do, and these particular sections were therefore transferred into the bill to amend the criminal code of Canada.

The question of course arises whether the amendments which we now submit are really in their pith and substance, which is the language used in so many of the judicial committee's judgments, of criminal legislation. We submit they are in so far as they are for the protection of the public, for the good of the community and to frustrate unfair practices by traders throughout Canada.

Let me, after making that preliminary statement, place upon the record the opinion which I had not with me when this matter was before the house on a former occasion. At that time I read the opinion of Mr. Tilley, K.C., upon these sections, and it will be remembered that he pronounced upon them as follows: that section 4 of the bill was good and within the competence of parliament. In regard to section 5 he said: "I think it is intra vires; in regard to section 6, paragraph (a) is of doubtful validity, paragraph (b) is valid, and paragraph (c) is valid." Such is the opinion, in brief, of Mr. Tilley, K.C.

I desire to place upon the record the opinion of Mr. Geoffrion, K.C., in regard to

the same section. His opinion under date of May 15, 1935, to the Deputy Minister of Justice is as follows:

Sir,—In conformity with your letter of the 6th instant, I have read the bill to amend the criminal code, sections 4, 5 and 6, with a view of giving my opinion as to the powers of parliament to adopt it.

I believe this is good criminal legislation, therefore within the dominion's powers, except possibly paragraph (a) and (b) of section 415A as enacted by section 5 of the bill.

I take it that, generally, these paragraphs aim at punishment for violation of provincial legislation respecting minimum wages and maximum hours. Of course, there can be no doubt in so far as federal legislation on that subject is concerned. The majority of cases would, however, be covered by provincial laws because the subject of minimum wages and maximum hours of labour is, it seems to me, normally a provincial subject.

I know the dominion parliament has already claimed power to decree punishment for the violation of a provincial statute; section 164 of the criminal code is an example of that and this has never been challenged but I doubt the validity of such an enactment in view of section 92 of the British North America Act, paragraph 15, which gives to the provincial legislature exclusive legislative power concerning the imposition of punishments for enforcing any law of the province, et cetera, et cetera. If the dominion can decree a punishment for the breach of a provincial law, it can do so whether the province has decreed one or not. The legislative power in that respect ceases to be exclusive, notwithstanding the terms of the British North America Act and the dominion statute must prevail so that the provincial legislature enacting mandatory or prohibitory provisions will be exposed to have a punishment attached to its orders quite different from the one it desired. The power to order and the power to punish for disobedience should logically be united.

I would think the words "criminal law" in section 91 should be restricted by paragraph 15 of section 92, just as "marriage" in section 91 is restricted by "solemnization of marriage" in section 92. The general words in the assignment to the dominion in both cases being restricted by the special exclusive assignment to the province.

I do not think however, that these provisions, if unconstitutional, would affect the validity of the rest of the act.

Yours truly,

A. Geoffrion.

Now it will be noted that Mr. Geoffrion states as his opinion that sections 4 and 6 of the bill are within the jurisdiction of this parliament, and section 5 is also valid except possibly subsections (a) and (b). As to the contention of Mr. Geoffrion that we would be imposing penalties in regard to laws of the provinces in respect of which penalties are already imposed, it is to be noted that for many years. I think since 1888, our criminal code has contained clause 164, which I am going to read:

Everyone is guilty of an indictable offence and liable to one year's imprisonment, who, without legal excuse, disobeys any act of the parliament of Canada or of any legislature in Canada by wilfully doing any act which it forbids, or omitting to do any act which it requires to be done, unless some penalty or other mode of punishment is expressly provided by law.

That section has never been directly challenged in the courts. If anyone thinks it is a doubtful section, as Mr. Geoffrion does, at any rate it has stood the test of forty-five years and I think more than that. I know that an opinion was given on that question by the late Hon. Edward Blake, an eminent lawyer, who while Minister of Justice affirmed our right to impose these penalties notwithstanding penalties imposed by provincial laws, and that opinion has been followed in the department ever since.

Let me summarize the position. I leave out section 4 for the moment, because according to all legal opinions that we have obtained, both of the law officers of the department and of the two eminent counsel I have mentioned, section 4 is within the competence of the parliament of Canada. With regard to section 5, Mr. Geoffrion entertains doubts as to subclauses (a) and (b). Mr. Tilley expresses the opinion that the whole section is within the legislative competence of this parliament. In regard to section 6 Mr. Tilley expresses doubts as to subclause (a) but says subclauses (b) and (c) are valid. Mr. Geoffrion expresses the opinion that the whole of section 6 is within the competence of this parliament. On a former occasion it was very much criticized that the government should introduce into this house a bill in regard to which there should be some doubt expressed. It is not the first time such a course has been taken. There is doubt up to the present time about many of our constitutional rights, which have never been tested, and some provincial rights too. If on account of these doubts the provinces withhold their hands and pass no legislation, and if we are to do the same here, the result of course is stalemate and no legislation occupies the field. My hon. friend the former Minister of Justice (Mr. Lapointe) is not in his place, but he will well remember section 1025 of the criminal code, which abolished all appeals in criminal cases to the judicial committee of the privy council. That was a section of doubtful validity which was passed by this parliament. In 1928 when it came before the judicial committee they held it as ultra vires of this parliament—as bad, void. When the statute of Westminster was passed by the British parliament and re-enacted in this parliament, section 1025 was again passed by this house and the senate and

became law, but recently it has been challenged again before the judicial committee, and on Thursday or Friday I think of last week a judgment was given maintaining the right of the parliament of Canada to enact section 1025.

Mr. DUFF: Did they know it was doubtful when they enacted it?

Mr. GUTHRIE: It was always looked upon as doubtful.

Mr. DUFF: Was it so expressed here in parliament?

Mr. GUTHRIE: There is an opinion in the Department of Justice that it was doubtful. I could enumerate a score of acts in regard to which there was doubt. I am going to mention one because it was up in the house to-day, that is the Canada Grain Act. When that law was enacted the late Mr. Justice Newcombe expressed the opinion that many of the sections were of doubtful validity. Subsequently the act was before the Supreme Court of Canada and certain sections were held invalid, as beyond the legislative jurisdiction of this parliament. But in that case the supreme court suggested a remedy to us. They said: If you declare the elevators to be works for the general advantage of Canada, you might overcome the difficulty. In the following session, to cure the difficulty and remove the doubts, parliament passed an act to declare these elevators to be works for the general advantage of Canada. But there are some sections of the act not yet without doubt, and in order to remove further doubt or make the act secure so far as it might be possible to do so, this ingenious clause was put in at the end:

> 234. If it is found that parliament has exceeded its powers in the enactment of one or more of the provisions of this act, none of the other or remaining provisions of the act shall therefore be held to be inoperative or ultra vires, but the latter provisions shall stand as if they had been originally enacted as separate and independent enactments and as the only provisions of the act; the intention of parliament being to give independent effect to the extent of its powers to every enactment and provision in this act contained.

I submit the present measure in the form in which it is drawn is a serious attempt to carry out as far as it possibly can be done by this parliament the recommendations of the price spreads commission in regard to unfair trade practices. The best legal opinion we can get on the subject says that if we place these sections in the trade commission act, as recommended in the report, they will be ultra vires of the powers of this parliament as an interference with property and civil rights within the various provinces. If we place them in the criminal code, however, and treat this as criminal legislation, probably they will stand fire, although as I have elaborated doubt has been expressed in the opinions of Mr. Tilley and Mr. Geoffrion. The other sections of the code, of course, are not open to that constitutional conflict, but sections 4, 5 and 6 of this act are prepared with an eye to carrying out the recommendations of the price spreads commission.

I would ask this committee to give serious consideration to these clauses. I know they were rather roundly denounced the other night, but that does not get rid of them. They are entitled to serious consideration and in the main according to the best legal opinions obtainable, they are valid. Some of the subsections are called not invalid but doubtful. That is the spirit in which this bill is submitted to the house at the present time.

Mr. RALSTON: Mr. Chairman, I think there could be written across the face of this bill, particularly sections 5 and 6, "sic transit gloria reform." If this is the best this government can do to implement all the promises contained in the radio speeches which were made last January, then it does seem to me that His Excellency the Governor General would be well advised to come down and dissolve this house.

I am going to deal with what my hon. friend the Minister of Justice has said in regard to the legal aspect of the matter, but I hope that the discussion will not entirely centre around the legal phases of this bill. This is just another instalment of the series of anti-climaxes to those radio speeches of January last, which has been furnished to this house during the last three or four months. From time to time we have had shreds and patches of the resounding sentiments which were expressed on that occasion. We have had the unemployment insurance act, which was broadcast so as to hold out the hope to the working people and the unemployed of this country that it was going to solve all their problems. But when the unemployment insurance act was brought down we found that it did not benefit anybody for a year at least; that it would not assist in the slightest in connection with the unemployment which exists in this country, but that it would only help those who were already employed and who were able to pay the assessments for the time set out in that act. We also found that it left out three of

the four primary industries of the Dominion of Canada.

Then we had the eight hour day bill before us this afternoon, the law with regard to hours of labour on public works. In either the last or the next to last section of the bill we find that the act will not come into force until May 1, 1936. Then there was the Companies Act. We were going to do away with no par shares, those things which are said to have been the delusion of the investor. The amendment to the Companies Act has been brought down; no par shares are not struck out. They will continue to be issued notwithstanding the strictures of the Prime Minister regarding them. The dole was a rotten thing according to the radio speeches, but the dole still exists in Canada and we have been voting goodly amounts of relief money for that purpose. Now finally the report of the price spreads commission is crystallized into a few sections which appear in this act, and notwithstanding the statement which was made during the radio broadcasts with regard to the open market place, I would almost think that the open market place is going to continue. During the course of those speeches last January the Prime Minister said:

> You would agree that free competition and the open market place, as they were known in the old days, have lost their place in the system, and that the only substitute for them, in these modern times, is government regulation and control.

And, according to this act, that government regulation and control is going to consist of making it a crime for a man to give a greater discount to one man than to another.

I want to deal for a moment with section 6, which has been referred to by the Minister of Justice, and the legality of which has been discussed, in order to give the committee the effect of what section 6 really provides. Section 6 says in substance that if Mr. A is doing business and gives to Mr. B a greater discount on a similar quantity of goods than the discount which he gives to Mr. C, Mr. A is guilty of a crime and should go to gaol. It does not make any difference that Mr. A is giving that larger discount to Mr. B in order to meet a price which Mr. B had been quoted by somebody else; Mr. A is still a criminal because of the fact that he met the price of his competitor. There is nothing in the act which intimates that Mr. A cannot give Mr. B a lower price than he gives Mr. C; all that is provided is that he must not give a greater discount. That is to say, while he cannot quote a price of $100 and give one man ten per cent off and another man fifteen per cent off, there is nothing in the section which says he cannot quote one man a price of $80 and another man a price of $85, because that is not giving a discount. Neither is there anything in the section to suggest that he could not take a base price of $80 and say to one man, "I will give you these goods at $80 plus ten per cent," and to another man, "I will give you these goods at $80 plus fifteen per cent"; in that case he has not committed any crime because he has not given any rebate or discount.

I submit to you, Mr. Chairman, that we ought seriously to consider the legislation we put on the statute books. All we are doing here is to make law evaders of the people of the Dominion of Canada when we pass sections of that kind, and I am leaving out altogether the question of the validity of the act. I say on the construction of the act itself it is nothing less than a snare and a delusion so far as the mercantile people of this country are concerned, and nothing less than a sham and mockery so far as the relief of the consumer is concerned. There is nothing real in it. People can readily evade the law; anyone can read it and see that he can easily get around a section like this, but still the section is put in in deference to some of those who feel that if they could have their feelings salved by having at least a little of the report of the price spreads commission carried out that would at least save their faces. I submit that a section which prevents an honest trader from meeting competition and makes no allowance for savings in sales costs on account of selling a large volume is not the sort of section which should be written into the criminal law of the Dominion of Canada. We had a commission which cost this country $500,000. If this is the best this government can bring down in implementing the report of that commission then that $500,000 has been worse than wasted. I submit to you, Mr. Chairman, that a section of this kind is just silly; it is just meddling, that is all; interfering and irritating without doing the slightest good.

I am not the only one who holds that opinion. The other night I noticed, and I intended to read, an editorial which appeared not in a Liberal organ but in a newspaper which is supposed to support this government, the Montreal Star. It was referring to the remarks of the Minister of Justice (Mr. Guthrie) when he introduced this bill, when he admitted that some of these sections were of doubtful validity. This is what the Star said:

> Doubtless our parliamentarians, both inside and outside the cabinet, will have this

phase of the matter well in view. The senate just the other day had to hold up and rewrite a government measure which had passed the commons. Last week we heard a minister introduce a bill with the amazing statement that he was not quite sure of its constitutionality.

That was the Minister of Justice, in connection with the bill we are now considering.

Surely now there will be an end to this sort of thing. Parliament will have the full support of the people in adopting legislation which promises to ameliorate, even to a small degree, the genuinely distressing conditions under which our people are to-day living, but it will not earn any public gratitude by driving through sham relief measures which profess to work miracles but which will lead only to chaos, disappointment, a further paralysis of business and the general confusion which to-day pervades the United States.

I do not think any more apt words could have been used concerning the bill before us to-night, in view of what the Minister of Justice has just said, than the words I have just read. We remember what occurred in the United States. Chaos and confusion reign because a law was enacted; business had to set up new machinery and make expensive readjustments to meet it and when attempts were made to enforce it it was held to be without legal foundation. The result is that the man who played the game and lived up to the letter of this invalid law has been penalized because his competitor had nerve enough to disregard it. The same situation will arise in Canada, one which would lead only to disappointment. The people who do attempt to live up to it will be prejudiced and, will be at a disadvantage with their competitors.

Now, with regard to the legal situation I am not going to attempt to discuss the opinions which the Minister of Justice has read to-night. I should be perfectly satisfied, had we definite opinions from either of the gentlemen whom he has quoted. I should be satisfied if we had a definite opinion from the Department of Justice itself. But the minister a few nights ago, upon introducing the bill, and in a discussion in committee intimated clearly that he himself held the gravest doubts as to its validity. We do not have to go farther than that. At page 3166 of Hansard he makes the statement that the opinion of the law officers of the crown is that section 5 presents some difficulties. He has now brought forward Mr. Geoffrion's opinion in which it is stated that that gentleman is doubtful about the validity of clauses (a) and (b) of section 5. And the minister tells us the Department of Justice was doubtful about all the clauses of section 5. On the other hand Mr. Tilley felt they could be supported; so there we are. There is no doubt that the Minister of Justice and his department are doubtful about section 5. In fact the minister is doubtful about the whole section and Mr. Geoffrion is doubtful about subsections (a) and (b), and still it is proposed to pass this bill.

The Minister of Justice has said that if we do not legislate and if the province does not legislate, both being fearful of our jurisdiction, what will happen? I say to him, and I think he will agree with me that there is no reason in the world why the province could not legislate in connection with subsection (a) and (b) of section 5. No person has suggested that the province has not the right to legislate with regard to employment of persons at rates of wages less than the minimum rates fixed by law or public authority. There is no difficulty about the province legislating in that matter. Up to this time we have assumed that the provinces have had jurisdiction with respect to minimum wages. In fact, all the parliamentary utterances from the Prime Minister down for a long time past have indicated that the provinces were the bodies which had the jurisdiction with regard to wage rates. Therefore there should be no question that the province has power to legislate with regard to the matters contained in subsection (a) of the new section 415A and the same applies to subsection (b). The minister's fears about nobody being able to legislate if we do not attempt to do it here seem quite groundless.

If I were permitted to express an opinion about subsection (c) of section 5 I should have thought it was valid. That is to say, in connection with the subsection which reads:

(c) falsifies any employment record required to be kept by law or any competent public authority;

I should have thought that falsification was a criminal offence, and that in its very nature it was morally wrong and detrimental to the public interest. But subsections (a) and (b) are different. They have to do with matters of contract and civil rights. Then, subsection (d) reads:

(d) punches a time clock with intent to deceive;

That would seem to be a crime. Then, as to subsections (e), (f), (g), and (h) I would say that subsection (e) may contain an element of crime but, as the law officers of the crown have properly indicated, subsections (f), (g), and (h) seem to deal with matters essentially having to do with private contracts.

I now turn to section 6 of the bill. What are the opinions respecting this section to which the Minister of Justice has referred. He stated in no uncertain terms that he had doubts as to the validity of this section—and when I refer to section 6 I direct your attention particularly to subsection (a), with which I have just dealt, and which makes it a crime for a man to give a greater discount to one man than to his competitor. The Minister of Justice has doubts about this section. The following opinion expressed by Mr. Tilley appears at page 3166 of Hansard:

> Subsection (1) of section 6 is, I think, of very doubtful validity, but sections (2) and (3) are, I think, valid.

By subsection (1) he means, I think, subsection (a). At a later point, at page 3167 of Hansard, the opinion of Mr. Tilley is cited as follows:

> All I can say is that in my opinion the subsections is of very doubtful validity, and I incline to the view it is invalid.

Here he is again speaking of subsection (a) of section 6. I do not think we need much more than that. However, let us turn to the statement of the Minister of Justice as it appears at page 3168 of Hansard. This is what the minister says:

> I am giving the committee an opportunity of passing an opinion on the point. I think myself that they would be very inefficacious even if they were passed. I do not believe you could ever support a prosecution on them because you never could prove your case.

What is the use of our passing legislation of that kind? Why waste our time on it? First we have the opinion of Mr. Tilley that the subsections are doubtful, then we have the opinion of the Minister of Justice that he has grave doubts; then we have the opinions of the law officers of the crown that there is doubt. On top of that we have the opinion of the Minister of Justice that in any event it would be inefficacious.

I submit it is time we go to something more substantial than writing formal crimes into law books, knowing in the first instance that there are grave doubts as to the validity of the statutes enacted and graver doubts as to the possibility of securing convictions under them. I should have thought the Minister of Justice would have withdrawn these sections as to which doubts have been expressed by these eminent jurists. I submit for the consideration of this committee and that of the Minister of Justice that we had better devote our attention to something which holds in it more hope for the urgent problems of the people of this dominion than does the legislation before us.

I conclude my observations by quoting a statement which appeared in a letter written last fall by the Prime Minister to one of his colleagues, upon which occasion he pointed out the danger of raising the hopes of people with regard to legislation of doubtful constitutional validity. Writing to the former Minister of Trade and Commerce (Mr. Stevens), the Prime Minister said:

> In due course a committee of eleven was appointed and you were elected chairman. From that time the committee had an absolutely free hand and no effort of any kind, shape or form was made to in any way limit or restrict its activities except that on more than one occasion we pointed out to you the danger of creating in the minds of those interested, especially in the retail business, the impression that parliament could provide a remedy for the conditions of which they complained in view of the decisions of the courts as to the jurisdiction of provincial legislatures over contracts and price fixing.

I commend that passage to you, Mr. Chairman, and the committee. I believe we may well take note of it and the warning contained therein, namely, not to take our time in the passage of legislation of doubtful validity, and the attempt by a stroke of a pen to make the people of Canada conform to some idealistic standard of business ethics couched in such general language as to prohibit perfectly legitimate and straightforward business transactions, and which cannot be enforced.

I submit to the Minister of Justice that the sections which he is advised by these eminent jurists are invalid or of doubtful validity ought to be withdrawn, so that we may get on with something more practical and useful.

Mr. KENNEDY (Winnipeg): Mr. Chairman, may I make bold to attempt to reply to some of the objections raised by the hon. member for Shelburne-Yarmouth (Mr. Ralston), the critic of the opposition. I wonder whether he has made it clear even to himself what his plan is so far as the carrying out of the report of the price spreads commission is concerned.

Mr. RALSTON: Ask some of your own friends.

Mr. KENNEDY (Winnipeg): This attack is a fair example of the guerilla warfare that is being carried on by the Liberal party throughout Canada, and a very considerable section of the financially interested press, so far as implementing the report of the price spreads commission is concerned.

Let me first refer to the question of the legality of the amendments. I refer specifically to section 6 of the bill now under discussion. With reference to the opinion expressed by the Minister of Justice (Mr. Guthrie) quoting

Mr. Tilley as to the legality of these sections, I refer the committee to an article which appeared in the Toronto Globe of June 4, under the heading How Great Minds Think Alike.

A new and remarkable example of identity of thought expression, showing how great legal minds can think, speak and give legal opinions alike, and in strangely similar language, has brightened the annals of Canadian law. It is supplied by two legal opinions—one of the late Hon. Edward Blake, K.C., and one of W. N. Tilley, K.C., regarding the same questions of law submitted for their views at periods forty-five years apart.

Then is quoted the opinion of Mr. Tilley in 1935. His opinion has already been put on record in Hansard of this session at page 3166. The article then goes on to quote Mr. Tilley as follows:

The result may be an inconvenient exposure to a double liability, but that possibility affords no argument against the right of the dominion to exercise its powers.

Continuing, the writer of the article in the Globe says:

The same legal questions as to a conflict between dominion and provincial legislation arising out of convictions and penalties for offences under dominion and provincial laws, within the power of both to legislate upon, arose in two old cases in Ontario in the years 1890 and 1892 respectively.

Mr. Blake—1890.

In one of these—that of Regina versus Stone, in the year 1892, reported in volume 23 of the Ontario Law Reports—the late Mr. Justice Rose, at page 49 of that case, said:

"In my opinion, Mr. Edward Blake, in his argument in Regina versus Wason, correctly stated the law as follows: 'The jurisdiction of the provinces and the dominion overlap. The dominion can declare anything a crime, but this only so as not to interfere with or exclude the powers of the province of dealing with the same thing in its civil aspect and of imposing sanctions for the observance of the law (See No. 15 of section 92) so that, though the result might be an inconvenient exposure to a double liability that possibility is no argument against the right to exercise the power.'"

So much for the opinion of the late Hon. Mr. Blake. Now I refer to a comparatively recent case, as recent as 1931, a case with which the hon. gentleman who has just taken his seat (Mr. Ralston) is thoroughly familiar, the Proprietary Articles Trade Association et al, appellants, and Attorney General for Canada et al, respondents, which was heard by the privy council on appeal from the Supreme Court of Canada (Law Reports appeal cases, 1931, page 310). Without referring to other matters which may be more appropriately dealt with when the bill creating the dominion trade and industry commission is receiving the attention of the house, I refer to a certain phase of the judgment which is entirely in point. It discusses the question of the right of the parliament of Canada to declare acts criminal, and the whole principle is discussed in detail with respect to the limitations or otherwise of the federal parliament to declare acts criminal and to fix penalties. The views there expressed are to my mind particularly important in view of the contention that is sometimes made that the jurisdiction of this parliament to declare an act criminal must be in respect of some act that is by its very nature venal. I submit that that is not the law, and the hon. member for Shelburne-Yarmouth I opine is also clearly aware that that is not the law. In any event the unanimous judgment of the privy council delivered by Lord Atkin on behalf of the committee, dealing with the point under discussion, will be found at the bottom of page 323 of the report to which I have referred. In discussing federal jurisdiction as to establishing criminal offences, Lord Atkin states:

The definition is wide and may cover activities which have not hitherto been considered to be criminal. But only those combines are affected which have operated or are likely to operate to the detriment or against the interest of the public whether consumers, producers, or others; and if parliament genuinely determines that commercial activities which can be so described are to be suppressed in the public interest, Their Lordships see no reason why parliament should not make them crimes. "Criminal law" means "the criminal law in its widest sense."

Then is cited the case of the Attorney General of Ontario versus the Hamilton Street Railway, 1903, A.C. 524. Continuing, Lord Atkin says:

It certainly is not confined to what was criminal by the law of England, or of any province in 1867. The power must extend to legislation to make new crimes. Criminal law connotes only the quality of such acts or omissions as are prohibited under appropriate penal provisions by authority of the state. The criminal quality of an act cannot be designed by intuition; nor can it be discovered by reference to any statute but one; Is the act prohibited with penal consequences? . . . . It appears to Their Lordships to be of little value to seek to confine crimes to a category of acts which by their very nature belong to the domain of "criminal jurisprudence"; for the domain of criminal jurisprudence can only be ascertained by examining what acts of any particular period are declared by the state to be crimes, and the only common nature they will be found to possess is that they are prohibited by the state and that those who commit them are punished.

Mr. RALSTON: Does my hon. friend not think that Mr. Tilley had that judgment in mind when he gave the opinion that notwithstanding that judgment this bill is of doubtful

validity? And the Minister of Justice was also perfectly aware of that judgment and still is of the opinion that this measure is of doubtful validity.

Mr. KENNEDY (Winnipeg): I can no more guess what was in the mind of Mr. Tilley than I was able to guess when my hon. friend sat down what was his real attitude towards implementing the report of the price spreads commission.

Mr. RALSTON: Does my hon. friend not think that Mr. Tilley would have taken occasion to examine the decision which has just been quoted before he gave the opinion which was read by the Minister of Justice?

Mr. KENNEDY (Winnipeg): I would assume, if my hon. friend asks me to speculate, that Mr. Tilley was familiar with that judgment.

Mr. RALSTON: Thank you.

Mr. KENNEDY (Winnipeg): And as I understand the opinion he has given, it is not that the proposed amendments to the criminal code which I am now discussing are invalid.

Mr. RALSTON: He said the section is of doubtful validity—

Mr. KENNEDY (Winnipeg): Mr. Chairman, if my hon. friend wishes to question me on any matter on which I can provide information I shall gladly give it, but to ask me to speculate as to what was in another man's mind—

Mr. RALSTON: Will my hon. friend permit me? I am only pointing out to my hon. friend, who said that Mr. Tilley had not given that opinion, that Mr. Tilley distinctly said, "I incline to the view that it is invalid."

Mr. KENNEDY (Winnipeg): What particular section?

Mr. RALSTON: Section 6, subsection (a).

Mr. KENNEDY (Winnipeg): We go to the privy council for the law and there is the law as laid down in the most recent judgment of the privy council by Lord Atkin in 1931. I think my hon. friend if he were arguing a case in the supreme court here would feel that he was entitled to rely on this judgment of Lord Atkin until such time as it was overruled. I submit, therefore, apart altogether from the question whether these sections will effectively achieve what the report of the price spreads commission hoped to achieve, that they are quite valid. As to their effectiveness, that is another matter on which I shall perhaps have something to say when the Dominion trade and industry commission bill is before the house.

Let me say very humbly as ex-chairman of the royal commission on price spreads that I am indeed gratified to know that the government, even in the face of the attacks levelled against it on account of the possible doubt as to some of the legislation they propose, are going so far in spirit to implement the recommendations contained in the price spreads report. I congratulate the government upon their willingness even to submit themselves to the attacks to which they have been subjected to-night in their desire to carry out in spirit the recommendations of the price spreads commission.

Let me make another observation. It may be that upon challenge some of these provisions will be found to be invalid. As a member of the bar of twenty-five years standing I am familiar with the attitude of lawyers towards legislation and contracts. In advising as to the validity or otherwise of contracts they are influenced by their very training. Out of abundance of caution—ex abundante cautela—they feel it to be their duty towards their clients to advise against entering into a contract which might possibly be invalid. But when we come to legislating in this house in the way of reform I do not think that that hesitant attitude should prevail. I have enough respect for my opinion and reputation not to argue in or out of this house for something which I believe to be obviously invalid. When the legislation being introduced is to provide remedies for abuses which are recognized by all hon. members as such; when it is agreed that the act or acts sought to be prohibited should be prohibited, then I submit we should be willing to break and occupy new ground. If on challenge this legislation be found to be invalid, I submit that it will not have been in vain. What purpose will it have served, even though it be successfully challenged? The federal government has sought to remedy practices which are considered unfair and against the public interest, and if it be held that the federal government has not jurisdiction so to do, then it will have served the purpose of directing the eyes of the people of Canada to the necessity of a readjustment of the legislative jurisdiction as between the federal and provincial governments. If it serves no other purpose than that, it has served well.

The comments of the hon. member for Shelburne-Yarmouth are very similar to those which have appeared in a large section of the press. What has been the purpose of this comment? I am not imputing any insincerity to the hon. member for Shelburne-Yarmouth, but the purpose of his comments has been to condemn this legislation in one way or

another and to condemn the report of the price spreads commission by this guerilla warfare, thus rendering it ineffective. He is, in effect, saying: Nothing can be done; let things go on as they were. In support of this statement I should like to make reference to some of the press comments, which have been very misleading in two important respects. First, they have exaggerated the number of boards and necessary employees recommended, and, second, they have implied that the report recommended price fixing and much more drastic control of actual business operations than the commission ever contemplated. I quote from the Financial Post of May 25, as follows:

> It would require about 3,000 new civil servants to implement all the regulatory measures proposed by the price spreads report.

And on May 18:

> It assumes that two score or more new statutes and several thousand new political office holders—

And on April 20:

> In all, the report recommends 13 new government bodies.

I quote from the Toronto Telegram of April 9:

> Price spreads report recommends score of new bodies.

Mr. YOUNG: Hear, hear.

Mr. KENNEDY (Winnipeg): The hon. member laughs because I quote from a paper which supports the government. He is not accustomed to hon. members on his side being as fair as that. The same exaggerations appeared in the Border City Star of April 6, the London Advertiser of April 10 and the Winnipeg Free Press of May 2, but I shall not take the time to quote them. Hon. members opposite, both in and out of the house, parrot-like, have repeated the accusation that we proposed setting up thirteen new boards to be staffed with some three thousand additional employees. The facts are that two of the boards proposed, the live stock and fisheries—whatever their merits or demerits may be—are recommended to be set up under appropriate jurisdiction. In so far as the live stock board is concerned, the appropriate jurisdiction would be the Department of Agriculture; in the case of the fisheries board there is a pertinent department under which it would operate. In other words, the recommendation is for nothing more than a reorientation of some of the work now being done in the Department of Agriculture with respect to live stock, marketing, grading, statistics, et cetera; or in the fishing industry for the setting up of an agency of the sort already provided for by the Natural Products Marketing Act. So much for the two boards.

The new division of standards recommended for the Department of Labour was so described to emphasize the necessity of having the functions for which the department was originally created more adequately performed. No such recommendation would have been necessary if the department had been adequately staffed. The securities board and the consumer commodities standards board were so described to emphasize the importance of their functions. However, the report is very clear that they are only sections of the trade commission, and that their membership would consist of representatives of other departments having to do with the same or related problems. With the need for better coordination of government departments, it is surely no offence to recommend the establishment of inter-departmental committees. Surely it is better if we are going to tackle these problems at all to support the judgment of one official, for example, the director of the securities division of the trade commission, with the judgment of his colleagues who have to consider the same general problems from slightly different points of view. I refer hon. members to price spreads report, page 238.

In the sense in which the press refers to the creation of new boards and commissions, the report in fact recommended only three, live stock, fisheries and the trade and industry commission. It is true the trade commission would probably have several sections. It is true also that in various connections we recommended the creation of unpaid advisory committees, but surely no objection can be taken to the government making every effort to secure the practical advice and cooperation of those who are likely to be affected by the administration of any law, new or old. To say that a score of new agencies was recommended is the grossest distortion.

The frequently publicized suggestion that three thousand new civil servants would be needed is even worse. This would be from four to six times the number employed by the United States federal trade commission. Even if the dominion trade commission were given all the powers recommended, it would probably start with a staff of not more than twenty-five and the utmost expansion of its powers would not call for a staff of more than one hundred.

I quote from the Saturday Night of April 20:

> —the commission would decide whether its capitalization was fair, and that would mean estimating the earning power of the enterprise ... would decide whether there were enough in the industry already ... would have power to decide the price level and to determine discounts, terms and other trade practices.

Whoever wrote that editorial did not take the trouble to read the report, or if he read it, he did so without seeing its clear intent. With respect to securities the recommendations were simply that gross overcapitalization and deceptive prospectuses by which investors might be defrauded should be prohibited and conservative practices—I use the word in the best sense—should be encouraged. There was no recommendation that all businesses should be licensed, none that prices or even discounts should be fixed by government authority. In fact, price fixing was positively rejected as a generally unsound policy. I refer hon. members to page 144 of the report.

During the Easter recess I read a six or seven column article in Saturday Night which attacked the report on the basis of price fixing and which referred to the failure of the price fixing features of the NRA. Price fixing was the one thing which we studiously avoided recommending and, therefore, this long article is based upon a false premise. Such is the basis of much of the press comment. I shall not take up more of the time of the committee so far as press comment is concerned. As to why the press adopts this attitude, hon. members can judge as well as I; but when I see papers like the Financial Post and Toronto Saturday Night attacking the report, damning it out of hand, without a proper or adequate consideration of it, then I must assume they are actuated by some other motive than that of the public weal.

As to these sections, I will frankly state this: I think the section immediately under review, that is section 6, the amendment to the criminal code, section 498A with the subsections dealing with discriminating in trade, and so forth, really touches only the "fringe" of what was intended.

Mr. MACKENZIE (Vancouver): Hear, hear.

Mr. KENNEDY (Winnipeg): Well, my hon. friend agrees with me when it suits him. That section touches only the fringe of what the price spreads report recommends. As I have said, I believe these provisions are valid; but let me say this: When you come to deal in the criminal code with trade practices that are found and generally admitted to be unfair, I question the ultimate effectiveness of dealing with them exclusively in that way. It is all well and good to deal with them in the criminal code by making crimes and offences of certain practices that we all agree should be prohibited in the public interest, but I think there is too great a rigidity in that method of dealing with them. What may be an unfair competitive practice and against public interest on one set of facts to-day may conceivably not be unfair even on a similar set of facts to-morrow. Times change; competitive conditions change; the circumstances of commerce change, and even though you do outlaw in the criminal code certain trade practices that are obviously unfair, yet the ingenuity of the mind to find other means of unfair trade practices knows no bounds. You may outlaw certain practices to-day, but to-morrow other practices may crop up; so here I advance the view, which I propose to deal with more completely when we are considering the Dominion Trade and Industry Act, that in attempting to deal with unfair competitive practices, a trade and industry board should be given certain administrative power of its own volition and after investigation and consultation with those who are trained in the industry in question, to find what are unfair trade practices and to issue an order to cease and desist. In that way you escape the defect of the rigidity of putting such provisions in the criminal code alone. In other words, by such a procedure you have what may be called a continuity of administrative power. Therefore the best way to deal with the matter effectively is to set up such a board—and I submit the effectiveness of that board will depend largely upon its personnel—and give it power to determine from time to time, in the light of the investigations it may make and in the light of consultations with representatives of the industry itself, what are fair and unfair practices and to prohibit the latter.

Just one further point and I shall have finished. Another hurdle that is raised apart from constitutionality is the question asked by some: How can any board say what is "fair" and what is "unfair?" We have some leaders of business travelling across the country, even referring to us as "shyster politicians." Mr. Burton of the Simpson Company on a recent trip west was reported in the press as referring to conditions as looking good after the rains but saying that if they could only get rid of a few of these "shyster politicians," everything would be well. The same

Mr. Burton who decried the idea that it was possible for any member of the House of Commons to know anything about business or anything in respect of it, went to Saskatchewan and gave a panacea for employing all the unemployed youth of the country. He was going to regiment them with colonels, majors, captains, lieutenants, sergeant majors, sergeants, corporals and lance-corporals, and put them into camps, and all that sort of thing. I quote that merely as a measure of the value of his judgment as to what we can do in this house, and I would suggest to him that if that is a fair measure of the value of his views, he had better stay behind the ribbon counter.

As to what is "fair" or "unfair," there are some matters that are fundamental. The sense of right or wrong; the sense of what is fair or what is unfair—these are instincts that are embedded in every human heart. This is a sense that overleaps all barriers of race, creed or colour. And so, when such a board comes to deal with practices in the trade, with power to put investigators into any line of business, to put in experts or accountants, to have books opened to them, to call witnesses and to consult those interested in the industry in question, I submit it is not a too difficult task for such a board to decide within reason what is a fair or an unfair practice.

One other point is this: this proposed legislation is often attacked from the point of view that we seem to think all business is dishonest. That was not the impression created on the price spreads commission as interpreted by me; we found that there is an honour in business, which is the fine gold of it. I have enough faith in my fellowmen to believe the average man wants to do the decent thing; he wants to conduct business in a decent way. This legislation is designed not to make criminals out of honest men or to attack those who want to play the game, but to clip the wings of the "chisellers" in commerce and to make it easier for those who want to do business in a decent way to do it.

Mr. ILSLEY: I do not propose to follow the hon. member for Winnipeg South Centre (Mr. Kennedy) in everything he has said. I agree with some of what he has said; I think a certain section of the press has exaggerated the amount of government expenditure which would be necessary to carry out the recommendations of the price spreads commission, and I believe there would be no such addition to the civil service as such a paper as, for example, the Financial Post, suggests. But I do not think the hon. member should have imputed the motives he did to those who express sincere objections to some of the recommendations of the price spreads commission. I thought he went entirely too far and was a little bit too free in what he said in that connection; nor do I know of any guerilla warfare that is being conducted against any recommendations designed to remedy abuses that were revealed by the investigation.

Mr. MACKENZIE (Vancouver): It is all on the other side.

Mr. HANSON (York-Sunbury): It is all over there.

Mr. MACKENZIE (Vancouver): It is all on the other side. What about your own government?

Mr. ILSLEY: The line between those who want a remedy of abuses that were revealed by the price spreads commission is not one that runs between two political parties. I would almost go as far as to say that I think every hon. member of this house would like to see these abuses remedied. But it is one thing to say that and another thing to say that everyone should agree with the hon. member for Winnipeg South Centre in the methods he thinks should be adopted for remedying those abuses. There was disagreement between the members of the commission, and there continues to be disagreement up to the present time. As the hon. member correctly said, the commission recommended establishment of three boards or bodies, a federal trade and industries commission, a board of live stock commissioners and a fisheries board. Three of the Liberal members of the commission, the hon. member for Bellechasse (Mr. Boulanger), the hon. member for Toronto West Centre (Mr. Factor), and myself, dissented from the recommendation to set up a board of live stock commissioners because we thought it would be a fifth wheel to the coach, entirely unnecessary, and that anything it could possibly do could be done by existing agencies. In that respect our attitude seems to have met with the approval of the government. The government do not propose to take steps to set up a board of live stock commissioners, and I commend them for their good sense in coming to that decision. In regard to the board of fisheries, I suppose we shall be represented in the fishing districts of the maritime provinces as not wanting to help the fishermen. But nothing could be further from the truth than that. In as carefully reasoned a statement as we were capable of making we gave the reasons why we thought the establishment of a fisheries board with the powers that were recommended by the majority of the commissioners would hurt the fishermen more than it would help them.

We thought it would be a serious injury rather than a benefit to the fishing industry of the maritime provinces, and I do not want to be represented either here or elsewhere as being out of sympathy with the fishermen of the maritime provinces because I had an honest difference of opinion with some of my colleagues about what should be done to help them.

When we come to the matters before the committee—and really we are discussing sections 4, 5 and 6 of the amending bill—I want to say very frankly what I think about those sections. I listened with great care to the opinions read by the Minister of Justice (Mr. Guthrie) which he obtained from Mr. Tilley and Mr. Geoffrion. I am so much impressed with the seriousness of the offences against the minimum wage acts of the provinces that I should be disposed to concur in the enactment of such criminal legislation by this parliament as would have the effect of putting an end to these abuses. So far as I can see, there would not be much objection to the enactment of 415A, that is section 5 of the amending act. It is true that there is an opinion of one counsel, Mr. Geoffrion, that subsections (a) and (b) are not within the competence of this parliament. I thoroughly appreciate the legal reasons given by Mr. Geoffrion for that conclusion. But it is not an extremely serious thing for this parliament to legislate beyond its jurisdiction on a matter of this kind. It is a very different thing when we come to section 6, as I shall try to point out. It adds another penalty, which may or may not be enforceable. I should think there is some argument for the validity of the section; apparently Mr. Tilley thinks its provisions are perfectly enforceable. What occurs to me is that the violation of minimum wage regulations, the payment of girl workers at less than the minimum rate and the fraudulent and cruel practices resorted to by many employers, are of national, not only of provincial, importance, and that there is considerable justification for the enactment of legislation of the kind set out in section 5.

But when we come to section 6 different considerations prevail. To put the matter very briefly I should say it would be a mistake to pass subsection A of section 498, which is found in section 6 of the bill. Let us look at that section:

> Every person engaged in trade or commerce or industry is guilty of an indictable offence and liable to a penalty not exceeding $1,000 or to one month's imprisonment, or, if a corporation, to a penalty not exceeding $5,000 who
>
> (a) is a party or privy to, or knowingly assists in, any transaction of sale which discriminates against competitors of the purchaser in that any discount, rebate or allowance is granted to the purchaser over and above any discount, rebate or allowance granted to the aforesaid competitors in respect of a sale of goods of a similar quality and quantity;

Perhaps the committee is not fully aware of the grounds for the recommendation against discriminatory discounts, rebates and allowances that is contained in the price spreads report. I do not know with certainty what was in the minds of my fellow commissioners, but I can say what was in my own mind in coming to the conclusion that discriminatory rebates, discounts and allowances are for the most part injurious to the economic life of the country. It was this, and this only: that the tendency of such discriminatory rebates, discounts and allowances is to eliminate competition. I suppose a person has to have a certain economic philosophy in considering our contemporary life in this country. Most of the commission did not take the socialistic view that competition should be done away with, but rather the view that competition should be preserved, that competition is a most important regulating factor, and that our legislation should be directed to the objective of preserving fair competition among our trades and industries. It was brought to the attention of the commission that manufacturers were giving much larger discounts to corporate department stores and perhaps chain stores—although I would not be certain of my recollection on that point—than they were giving to voluntary chains. The committee will understand what that means. A great department store with immense buying power is able to get a discount of say twelve or fourteen per cent off the list price. A number of independent retailers get together, form a voluntary chain and undertake to buy in just as large quantities, to pay cash and to warehouse, in other words as purchasers to put themselves on exactly the same footing as the corporate purchaser. But it was discovered that the members of the rubber combine, so-called, would not give them the same terms that they gave the corporate purchaser. The inevitable effect of such a practice on a wide scale is to drive out the independent competitors of the corporate purchaser. It lessens competition, and if continued for a long period of years results in something approaching monopoly, or quasi-monopoly. That is the basis of the legislation in the United States—I do not know whether in other countries or not—against discriminatory discounts, rebates and allowances, that it results in the elimination of competition and thereby deprives the consumer of the protec-

tion which he should be given by the preservation of competition. None of that, of course, appears from this section. It is quite possible that if the section were redrafted in such a way as to show that the public interest was being thought of, it might have a much better chance of running the gauntlet of the courts than it will in its present form. I direct the attention of the Minister of Justice to that; because he will recall that in the Combines Investigation Act case from which the hon. member for Winnipeg South Centre has read, that was a very important element in the decision. The judicial committee of the privy council said:

> —if parliament genuinely determines that commercial activities which can be so described are to be suppressed in the public interest, their lordships se no reason why parliament should not make them crimes.

But in the Combines Investigation Act it was expressly stated that only those combines which operated or were likely to operate to the detriment or against the interest of the public, whether consumers, producers or others, were to be regarded as criminal enterprises, and it might be possible by a change of draftsmanship to give this section a better chance before the courts. I do not agree with my hon. and learned friend from Winnipeg South Centre that we should pass invalid legislation for the sake of directing public attention to particular matters.

Mr. KENNEDY (Winnipeg): If the hon. gentleman will permit me, I clearly pointed out that I had too much respect for my reputation to suggest that either in this house or out of it I would support the passing of obviously invalid legislation. My argument was that there was some doubt about the legislation, and I advanced the suggestion that where it was only a question of some doubt we might well pass it and run the risk of the challenge.

Mr. ILSLEY: My answer to that is that we should not pass even doubtful legislation if there is a possibility of making it valid. There is a tendency in this parliament this session to go at the passing of legislation in a very careless and irresponsible manner. The NRA decision in the United States rendered a great service in bringing it home to the people of this country that you cannot just put on the statute books anything you feel like putting there, whether or not it is constitutional, and that to pass a volume of doubtful, unconstitutional and invalid legislation causes immense misery, unrest, disappointment and discontent among the people of the country and leaves them in all kinds of losses, difficulties and trouble. When hon. gentlemen opposite attack this party for paying some attention to the constitutionality of this legislation they are overlooking that fact. A person is rendering a service to his country when he points out the respects in which legislation is doubtful or unconstitutional, and I think no one realizes that better than the hon. gentleman who preceded me in this debate. I said that was the basis of legislation such as this, but you can drive through this section with a coach and four. As the Minister of Justice very correctly said, under this section it will be impossible to get a conviction.

Mr. GUTHRIE: No, I did not say that.

Mr. ILSLEY: It was something like that.

Mr. GUTHRIE: I said it would be difficult.

Mr. ILSLEY: It would be very, very difficult. To begin with, as my hon. friend from Shelburne-Yarmouth pointed out, this affects only rebates, discounts and allowances; it does not affect price discriminations. For instance it is still possible, and quite properly so, for a man who, for example, has apples or fish on his hands to take on the same day from the second purchaser a different price from that which he took from the first purchaser. You have to do it in order to get rid of your product. There are many cases, particularly in connection with perishable goods, where there must be price discrimination, and anything that prevents price discrimination prevents the carrying on of business. If the section were changed to affect price discriminations there would have to be a great many exceptions and provisos.

Very little care has been exercised in the drafting of this section; apparently whoever drafted it had only a superficial view of the problem before him. The problem is a very difficult one to meet. It is hard to make the offences definite and put them in the criminal code because then, as the hon. member for Winnipeg South Centre very properly pointed out, those desiring to evade the law think of a new form in which to carry on their evasion. On the other hand if you set up a board and leave it to the board to define offences, you give that board a dangerous power; you really give it the power to legislate in what is essentially the criminal phase, so it is a very difficult problem. I do not know whether the draftsman of this legislation studied what they did in the United States. In 1914 in that country they had extensive debates on these very topics, and since then

they have had legislation under two acts, the Clayton Act and the Federal Trade Commission Act. I think I will place on Hansard section 2 of the Clayton Act in order to show the care with which this legislation was drafted in the United States, a very different thing entirely from this slapdash section.

2. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly to discriminate in price between different purchasers of commodities, which commodities are sold for use, consumption, or resale within the United States or any territory thereof or the District of Columbia or any similar possession or any other place under the jurisdiction of the United States, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce: provided, that nothing herein contained shall prevent discrimination in price between purchasers of commodities on account of differences in the grade, quality, or quantity of the commodity sold, or that makes only due allowance for difference in the cost of selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition: and provided further, that nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade.

I do not know that I would advocate the adoption of that section but certainly I would be opposed to the adoption of subsection (a) as it is placed before the House of Commons. To begin with, it does not touch the question of volume discounts at all; it refers only to quantity discounts. The great evil—I know it is controversial as to whether or not it is an evil, but I consider it so—that we found was that a purchaser who was prepared to buy in equal volume to another purchaser, over a certain period, say a period of a year—

Mr. KENNEDY (Winnipeg): Does not the term "quantity" mean the same as "volume"?

Mr. ILSLEY: No. I do not think there is anything in common between the two. My hon. friend will remember that there was a clear distinction between volume discounts and quantity discounts. The quantity discount is the discount on a certain shipment; the volume discount is what the purchaser gets over a certain period of time. They are altogether different, and in turn they are both different from a quota discount, which is something else again. Then there are trade discounts and cash discounts. This provision only applies to quantity discounts. Volume discounts in my judgment, are the important discounts. The case I mentioned a while ago was a case of gross discrimination in volume discounts, something which I do not consider to be in the interests of the country, and something which should be prevented if it can be prevented by legislation. Certainly it cannot be prevented in this superficial way.

I do not know that I have very much more to say with regard to this section, but I consider it so far short of anything that is useful that I do not think this subsection should be passed. Of course none of these sections is any good unless you have a vigorous board or commission to do the investigating; I think my hon. friend admitted that. When we come to subsections (b) and (c), I do not see any objection to them; I do not think there is any question about their constitutionality or their validity, but in those sections the burden of proof on the crown is extremely heavy. The crown must prove that there is a policy of selling goods; they must prove in the one case that the goods are sold at unreasonably low prices, and they must prove that they are sold for a certain purpose, that purpose being to destroy competition or eliminate a competitor. There is no doubt in my mind that if that is proved there ought to be a conviction and there ought to be an enactment that will justify a conviction. The whole history of the Standard Oil Company in the United States is a history of predatory price cutting and territorial price discrimination, which resulted in that company driving out its competitors one by one until it had nearly the whole of the business in the United States. If there had been enactments like this which could have been enforced—I admit that they are very difficult of enforcement—they would have prevented a great evil in the United States, and I think possibly the same would be true in the Dominion of Canada.

So to put it briefly my position—and I do not think my hon. friend will say it is a position of guerilla warfare—is a mild position: Although there are some doubts about the constitutionality of subsections (a) and (b) of the new section 415A, and although the law officers of the crown condemn practically all the section, I should be disposed to support it. But subsection (a) of section 498A is so bad it should not be supported. Subsections (b) and (c) should be supported, but owing to the terrific burden on the crown of enforcing them I am doubtful whether there would be many convictions under those subsections. All the subsections of section 498A will be a dead letter unless we have a vigorous investigating body behind them to get out the evidence and to find out whether or not such evidence comes within the meaning of the sections.

Mr. STEVENS: I have listened with a great deal of interest to the observations of the hon. member for Shelburne-Yarmouth (Mr. Ralston) as well as those of the hon. member for Hants-Kings (Mr. Ilsley). I rather regret the attitude indicated by the hon. member for Shelburne-Yarmouth. He is one of the outstanding legal minds of the house, and I think he will not accuse me of discourtesy if I say that really the substance of his remarks was to pour ridicule on the whole business. To one who is not a lawyer, but I hope not without some experience and some knowledge in matters of this kind, I felt a bit of despair come over me. Is it possible, Mr. Chairman, that when we are confronted with conditions which those who have given any thought to the matter at all must admit are tragic, this great house of parliament is so helpless, so hamstrung and tied hand and foot, that in connection with any question we must be confronted with the constitution? I am wondering: Is this constitution we hear so much about—and, strangely enough, largely from interests gloriously prosperous under it—is this constitution such that those who are suffering under the handicaps that have been described in connection with this very bill, namely unorganized workers of the most helpless type as well as the smaller businessmen to whom the hon. member has just referred, have no rights under it at all? Is it possible that it is not within the power of parliament to do anything for them? Yet that seems to be the case, because the Minister of Justice (Mr. Guthrie), in what I have no doubt was a very learned dissertation upon the matter, said that the measures we are asking for in the report cannot be granted because possibly they may be unconstitutional. Therefore he brings down this bill. The minister is followed by the most eminent legal light on the opposite side of the house—and I make that observation in no tone of irony, wishing only to pay tribute to my hon. friend's high legal attainments—the minister, I say, is followed by that hon. member who says: "Well, this is so ridiculous that we should drop the whole business; let us forget it and go on with something else." It is a sorry outlook for those of us who are not lawyers and are trying to do something.

In view of the fact that all those who preceded me wandered over half a dozen bills I wonder if I might read to the committee that which I believe hon. members opposite will agree is the reasonable and considered view of the commission. I do not think any of them will dissent from that statement. If perhaps I read at some length I shall ask the committee to follow me, because really I do believe we should try to get back to that which we are proposing to do, namely to correct the abuses which seem generally to be admitted as being present in our social and economic structure.

By the way, I shall read from this report the words which indicate what the trade and industry commission should do, but I shall ask the members of the committee to follow the other part of it, and later we will discuss the matter of the trade and industry commission versus this method. Under the paragraph headed "The definition of unfair trade practices" I read:

> We therefore recommend that the trade and industry commission should, in the manner and to the extent previously recommended in connection with consumer protection, supervise the enforcement of existing laws which prohibit certain business practices.

There is no dispute about that. Then:

> There are, however, other competitive practices, which while not illegal may be equally unfair. These take many forms, but the majority of them may be brought under the definition of unfair price discrimination; "unfair," because it operates inequitably as between competitors, because the burden of it is often pushed back to the wage earner or primary producer, without corresponding benefits to the consumer.

I pause there. What we found, sitting as a commission, was that these practices which were declared to be unfair and which subsequent to these words are elaborated, had this effect: they bore down upon the wage earners—we know that resulted in the sweatshops; they bore down upon the primary producer, or worked back to the primary producer who carried the load, and they conferred no great benefits upon the consumer. There you have the people about whom parliament is concerned. There are innumerable illustrations in the evidence in support of my statement. And, by the way, I sometimes think the House of Commons needs about a week's discussion on this matter in order to refresh the memories of hon. members on much of the evidence and enable them to have a full appreciation of it. May I interject at this point that a moment ago the hon. member for Hants-Kings said that price discrimination in the handling of fruit was inevitable. He will realize that we are discussing general unfair price discrimination, and not incidental price discrimination which might arise in connection with fruit, fresh fish or other perishable goods.

Mr. ILSLEY: I agree the report covers that, but if the section under discussion extends to price discrimination—which it apparently does not—it goes entirely too far, and makes no exceptions.

Mr. STEVENS: Quite so. To continue the report:

Unfair price discrimination, or any other similarly unfair business practice, permits the survival of the powerful, rather than of the efficient.

Let us pause there. I think that point has been made clear to us. It does not necessarily follow that because a great institution survives and grows larger it has been because of its super-efficiency. Very often it is because of its capitalistic power; that is, it has grown large because of its concentration of capital and the power that it has in its mass buying, or by other means, over its competitors.

Unfair price discrimination, or any other similarly unfair business practice, permits the survival of the powerful, rather than of the efficient. The federal trade and industry commission should be given the duty and power of prohibiting such unfair trade practices.

I had intended waiting until we reached the bill in regard to the trade and industry commission, but as I shall then have only forty minutes and can fully occupy that time with other phases of the question I shall deal with this point now. I had hoped and expected that parliament might have been asked to consider a bill along the lines indicated here, and if hon. members will follow me as I proceed I think they will see that this proposal of the commission is perhaps the best that could possibly be made. I believe there is yet time to harmonize the views of the Minister of Justice, the hon. member for Shelburne-Yarmouth and other hon. gentlemen by abandoning perhaps the suggestion in this bill or amending it and enlarging the powers that are to be given to the trade and industry commission. I suggest that that might be considered even yet by the Minister of Justice and by the Minister of Trade and Commerce (Mr. Hanson) who has charge of the bill relating to the trade and industry commission. I quote further from the report of the royal commission on price spreads:

We feel, further, that it would be unwise to write at present into statute law a rigid definition of what constitutes an unfair practice, with a list of such practices.

I think the commission showed commendable sense in that, and it did not make that statement except after worrying for weeks, I might say for months, and many months, over just what this committee of the house is now concerning itself about. Let me repeat it:

We feel, further, that it would be unwise to attempt to write at present into statute law a rigid definition of what constitutes an unfair practice, with a list of such practices. Such a list, if appropriate at the present time, would probably soon be rendered obsolete by changing conditions. At the same time we recommend that the act creating the trade commission and giving it power to prohibit unfair competition should establish certain principles for the determination of unfairness. We recognize that there is a very real danger of confusing the economic, legal, and ethical implications of "unfairness"—

That has been amply demonstrated here to-night. My hon. friend in a very able way ridiculed the whole business. There is the danger of confusing the economic, legal, and ethical implications of unfairness, but no one will say that we must confine ourselves merely to that which is strictly legal. We have at least some duty to make some provision for dealing with that which might be unethically or inequitably unfair. I quote again from the report:

We recognize that there is a very real danger of confusing the economic, legal, and ethical implications of "unfairness" and we feel that this danger might be removed to some extent if certain general criteria were laid down in the act.

That is, in the act respecting the trade and industry commission we should endeavour to lay down certain general principles that might be a guide to commerce and which would be adopted I believe by business men generally, so that by the very force of public opinion we would be able to achieve what the lawyers all tell us is so difficult to achieve in statutory form. Let me proceed:

We suggest that practices should be prohibited as unfair which are characterized by bad faith, fraud, misrepresentation, or oppression; which are resorted to for the purpose of destroying competition or eliminating a competitor; which facilitate the development of monopoly; or which destroy fair competitive opportunity and prevent the survival of those who can organize and carry on the production of goods most efficiently. It is in this sense that the word "unfair" should be used in the act.

We do not say that we should work out in an ultra constitutional manner all of those things in statute law, but we do say that it is surely possible to frame an act which will declare to the Dominion of Canada that certain practices in business come within the terms of unfair and unethical practices. Having defined them, even if those who impinge upon those practices cannot be punished by criminal law or some other process, the very fact of the existence of those practices, with the publicity that is given to them, of which I shall speak later on, will hold such people up to the public as guilty of an unfair act. The commission's report proceeds:

Without attempting to restrict the application of this test of "unfairness" by the commission, we feel that certain practices which we have examined should very definitely be considered "unfair" under the act. They are

so widespread and generally condemned that their complete prohibition by the commission is justified. We refer specifically to

(1) Discriminatory discounts, rebates and allowances;

(2) Territorial price discrimination and predatory price-cutting.

It seems that there is no real difficulty in so dealing with those, and they are dealt with perhaps in a measure in this bill, but let us look at that for a moment.

Discriminatory discounts. My hon. friend from Hants-Kings I think has covered this ground reasonably well and I do not wish to enlarge very much on what he has said. But there is a very common practice in this country whereby great institutions, largely due to what really instigated this whole investigation, the weight of mass buying, so impose their will upon manufacturers and producers that they have been able to get discounts or prices quoted to them which are so much out of line with the general prices as in some cases to make competition almost an impossibility. I think the most glaring case of all, and hon. gentlemen who were on the commission will recall many, is the selling to one chain institution of canned tomatoes at seventy cents a dozen when they cost I think something like eighty-two cents to put up, and when the ordinary price to the consumer was about ninety cents. I may be slightly out, but those were approximately the figures. What chance was there in the first place for competitors? But do you not see, Mr. Chairman, where it goes? It goes back to the canner, and from the canner back to the farmer, who gets 25 or 22 cents instead of 35 or 40 cents a bushel for his tomatoes. That is the point in the thing; that is the very essence of it.

Then we have in the industrial line a great institution which handles we will say thousands —many of the orders we examined went as high as five thousand suits of clothes. Now obviously an institution that can take 5,000 or 2,000 or 1,500 suits of clothes or ladies' dresses has a power that a smaller institution could not possibly have. They simply say: We will take these goods at such and such a price, and they name the price. It is not a case of the manufacturer paying a fair wage to his employees, buying his cloth and by the process of efficient competition offering his goods to the distributor at a certain figure. That is not the practice at all. That practice has long since become obsolete and out of date. The practice is for the great institutions to dictate to the manufacturer.

There is this other point. That great institution, while it buys in the mass, may have, as one institution that I have in mind has, some fifty or sixty establishments, and the goods it buys may be distributed amongst those fifty or sixty establishments. There again you see is an unfair element, because that institution gets the advantage of mass buying. It gives a mass order and insists upon the goods being sent out to the fifty or sixty establishments. The quantity sent to each establishment might not warrant a very great discount to any one of the fifty or sixty, but he gets a discount comparable to the discount on several carloads as against the discount his competitor gets on a dozen or so articles. There is a type of discount and discrimination which is very serious. I made the suggestion, which has been made an appendix to the report, that in my opinion this commission should reduce to a scientific basis what discounts should be. I think that can be done, and I say that from some experience and study of the situation. For instance, cash discounts should be based upon the value of the cash to the institution that pays. Credit discounts should be the value of the security of good credit as against normal losses, which I am told run only to about one or one and one-half per cent. Credit certainly does not rate a discount of five, ten or fifteen per cent, or, as it does in some cases, as high as thirty per cent. My own view, which I think the commission puts forth very well, is that this board which we propose should study such matters and fix rules by which they might be measured or lay down principles by which they could be considered from the point of view of whether they are fair or unfair. Let me proceed:

> The procedure and power for trade practice regulation. In outline, we think the procedure of the commission, in its work of regulating unfair practices, should be as follows. Either on its own initiative, or on complaint, the commission would make such investigation and hold such hearings as seem appropriate. Whenever any practice was found to be "unfair," the commission should then issue an order "to cease and desist" from such practice.

When we reach that point we arrive at the difficulty of clothing the commission with necessary power, but I suggest to the legal advisers of the crown that this commission could be clothed with authority to order these companies to cease and desist. Hon. members will then say: What is the use of that unless they have the power to enforce? As I read the law, there are certain alternative powers which this commission might have. With all due respect to the Minister of Justice, the hon. member for Shelburne-Yarmouth, the law officers of the crown, Mr. Tilley and Mr.

Geoffrion, I am still not persuaded that it is not possible to clothe this commission with that power. I am not a lawyer but I ask my legal friends to give some thought to this suggestion: In the preamble of the British North America Act the unity of the provinces is stated as the basis of confederation. Anything which tends to disunite must be in violation of the spirit of the act. This feature of the act has not been sufficiently, shall I say, brought to the front in this argument. There is a point I wish to make and one which I made before but to which no attention was paid; perhaps a reiteration will invite a little study even by those who have little respect for my views. Section 91 of the British North America Act contains a clear and mandatory declaration that the dominion parliament has power to legislate in connection with the regulation of trade and commerce. I can hear the answer to that statement: We all know that. During the sixty years since confederation the dominion parliament has made little attempt to occupy that field. We did a little about it in connection with external trade, but as far as the regulation of trade and commerce in Canada is concerned we have made little attempt to occupy the field. In other words, there are no precedents in our statute books in connection therewith. From my reading of the cases which have gone to the privy council I have come to the conclusion that invariably emphasis has been laid upon the invasion of property and civil rights as outlined in section 92. I am not suggesting that we should do anything to invade the rights of the provinces—not at all. It must be admitted because it is present in many statutes that there is concurrent jurisdiction, that it is possible to pass a dominion act which might invade a field specifically mentioned and reserved for the provinces and that act still be constitutional. I do not think anyone will dispute that where there is power, such as there is in this case, to regulate trade and commerce, there are no restrictions at all. Surely it is a matter of federal right. Unity is the basis of the British North America Act and surely it is reasonable that the dominion parliament should legislate in connection with matters of trade and commerce which must flow through the dominion from coast to coast. I venture to say that you could go into any small grocery store or any other type of store handling more than one article in Ottawa and find goods upon the shelves which come from outside the province of Ontario Even in the most minute way of doing business it would be scarcely possible not to find such goods. The very bulk and essence of our trade is interprovincial, and if we are to have trade regulations and preserve unity, they must be of a dominion-wide character.

I have a great deal of confidence—some may call it impertinence—in the right of this parliament to legislate for the regulation of trade and commerce provided it does it earnestly and sincerely and, as is suggested by the report, upon the general principle of trade and commerce as outlined in the British North America Act and keeping in mind the welfare and unity of the country. These things are essential to any legislation of this kind which we might undertake to pass. The report continues:

> If an "order" of the commission were not obeyed, the commission should then have the authority both to prosecute for the violation of the act and also to apply to the courts for an injunction against the continued violation of its order.

I suggest to the Minister of Justice that we should study the erection of this commission in the light of the railway board. The railway board is a court of equity—I think that is the proper term—and through the years it has built up its own case law and has established certain precedents. I can recall when the interstate commerce commission of the United States commanded very little respect, or at least there was considerable challenging of its authority. But that is not done to-day. Why? Because that body has built up a confidence in the minds of the people as well as a position in the court. Decisions are accepted to-day which would have been challenged in the courts, perhaps with success, twenty years ago. That commission has built up its own case law; it has created precedents and has established a confidence in the minds of the people as to the equity, fairness and common sense of its decisions. That is what this board can do. I quote:

> There should be the right of appeal to the Exchequer Court of Canada from these orders within, say, ten days.

And again:

> In more serious cases, instead of issuing a "cease and desist" order, the commission might, at its discretion, prosecute directly under the act for the offence of competing unfairly.

I am going to read another paragraph and then I shall not bore the committee with any more quotations:

> Exposure to the light of day is just as effective in suppressing unfair trade practices as in checking monopoly. We recommend, therefore, that the commission be given the widest possible powers of investigation of, and publicity for, such practices. It should be required to publish the results of its investigations and of every major finding, and to require that firms or industries, where

appropriate, publish their prices and discounts. Further, each decision published should state clearly the facts, the argument and the ruling, so that the reports would constitute a body of intelligible case law.

I think there is one other quotation I should like to make later, but I pause here to point this out: This is a weapon that the commission can use, that would accomplish our aims and objects in spite of these narrow and legal technicalities—the power of investigation, the publicity that would be attendant upon it, following of course upon what I said a moment ago, the laying down of general principles in regard to unfair practices.

I wish to read one other quotation and then I shall desist from that part:

> Having considered the more common form of price discrimination by which mass buyers are able to obtain preferential treatment, it remains only to draw the obvious conclusion. There is little serious objection to discounts, free deals, and allowances when these are available to all on the same terms, and are related to any measureable service rendered, or economy effected. At the worst they simply complicate the problem of accounting and costing. But when such concessions are given not in return for any service, not openly, and not to all on the same terms, they involve gross discrimination and become a powerful weapon by which mass buyers compete unfairly with their small rivals and use their massed purchasing power to take undue advantage of their weaker suppliers.

That is the finding of the commission. What I suggest is this: Inasmuch as legal advisers by their arguments and learned opinions of certain eminent counsel throw doubt upon the matter, I suggest that care should be taken to redraft those clauses so that they will be more to the point in regard to matters that ought to go into the criminal law, but that the Minister of Justice—and I appeal to him now—give earnest study to the proposals set forth on these two pages of the report and include them in the bill that has been introduced to create a trade and industry commission. I will discuss that bill further when we come to it.

But I draw to the attention of the Minister of Justice and of the members of the committee the spirit as well as the terms of this report as represented and set forth by the commission itself. I do not think any member of the commission will say that I am making an overstatement when I say that these suggestions were the result of long and careful handling of this question and of very minute and analytical discussion among ourselves. I do not think there is any difference between us other than the reluctance of certain hon. members to set up a new commission; on the other part of the matter there is not much difference of opinion. I therefore make that suggestion to the Minister of Justice in the hope that we may find some way of passing legislation that will be helpful to those who are bearing the brunt, shall I say the penalty, of the actions of others, the worker, the primary producer and the consumer getting no benefit, as the report indicates, not through any act of their own, but because of unfair, predatory and discriminatory practices in another realm altogether.

Mr. YOUNG: The commission on price spreads and mass buying—and I say this with all due respect to the majority of the the commission—spent much time and effort in exploring conditions and business practices as they exist. It spent little time in delving into the underlying causes of those conditions and trying to seek out the remedy. It appeared to me that for every evil that was found to exist, the commissioners had in their minds one and only one remedy, and that perhaps the most futile of all, namely, to pass a law against the evil. Were some people suffering from what they considered unfair competition on the part of their competitors, unfair trade practices, the commission would suggest the passing of a law against it. Were the farmers not receiving from the packers an adequate price for their cattle or hogs, the idea in the mind of the commission was to pass a law against paying low prices. Did merchants find themselves unable to get the cost of their goods out of their customers, the remedy that suggested itself to the commission was to pass a law against price cutting. As I said before, the one remedy that suggested itself to the mind of the commission for every evil was to pass a law against it.

There had arisen in this country a condition where business came almost to a standstill. Merchants found their stocks were not moving; manufacturers were unable to get orders for their goods and had to lay off their men. It seemed to me that this condition was not and could not be due to the business practices of any one class of merchants or any one class of buyers; there must have been an underlying cause for it all; for the business decline was experienced not only by the small buyer but by the large buyer; it was experienced not only by the small manufacturer but by the large manufacturer. Every class in the community experienced the same thing. The cause of the trouble in my opinion was the fact that the primary producers in this country had lost their income. The income of our farmers during the first two years of the

depression was cut in half; fifty per cent of their income had disappeared, while retail prices of the goods they had to buy had fallen only about one or two percent.

An hon. MEMBER: That is wrong.

Mr. YOUNG: No, it is not wrong. I have the figures before me showing that where the net value of farm production for 1928 was $1,501,000,000, by 1930 it had fallen to $860,000,000, or almost one-half. The index figure given by the bureau of statistics of retail prices, taking 1926 as the base year, letting 1926 equal 100, stood in 1928 at 98·9 and in 1930 at 99·2; in fact retail prices had actually increased slightly while the price of farm products had dropped almost fifty per cent. That condition did not apply to the farmers only; the same condition prevailed in the fishing industry, the lumber industry and all our basic industries. Was it to be expected that under conditions such as these, business would thrive in this country? How can you expect the Canadian people to buy goods when their incomes are cut in half? The primary producers, farmers, fishermen, lumbermen and so on, constitute perhaps sixty per cent of our population, and with sixty per cent of our population unable to buy goods, everyone in business suffered. It seems to me that the logical remedy for that situation is not to pass laws against price cutting but to find what was the cause of the two price levels which had arisen. Here we have sixty per cent of the people of the country selling their goods at a lower price level, while the things they want to buy are on a higher level, so much so that they cannot buy them. The remedy lies in seeking the cause of that condition and removing it, not in passing laws against price discrimination and unfair trade practices.

To me it seems that one of the principal causes of that situation is the wrong fiscal policy which has been followed by this country. I am not blaming this government alone; it has been the policy of the country for years. But this government accentuated the trouble; it went to the extreme limit when on coming into power it found that prices of primary products were falling, and instead of taking steps to see that the prices of secondary products fell with them, they took steps to prevent that, with the result that retail prices were maintained at practically the former level, or in some cases at a higher level, while the prices of farm products dropped almost forty per cent. Yet a stranger coming to this country and reading the majority report of the price spreads commission and having no other source of information would have the impression not only that the fiscal policy of the country was in no way to blame for the situation, but that it had actually helped to improve conditions. Nothing could be further from the truth. The hon. member who just spoke (Mr. Stevens) referred to the price of tomatoes being cut to 70 cents when it should have been 80 to 90 cents. Why was it cut to 70 cents? Did any man cut the price just for the fun of it? It was cut to 70 cents because the people who had those tomatoes had to find a way of getting them into the hands of the consumer. As I said before, a condition arose in which the consumers could not buy the goods, and the merchants were then obliged to find goods at a price which the consumers could pay or not sell them at all. Some influence had to come into the market to force down the price of retail goods to a parity with the price of primary products. When we proceed to legislate against the forcing down of those prices we legislate for conditions which will perpetuate the depression instead of relieving it. Let me give an example. Beans were priced at 5 cents a pound. They were not selling at that price, because people could not pay it; therefore the merchants could not sell the stocks they had, and so could not buy any more from the farmers. The price of beans to the farmer dropped to sixty cents a bushel. Then one of the large chain store concerns said: We think we can clear up this situation. So they advertised beans for sale throughout the country at one cent a pound—that is price slashing for you. What happened? They sold thousands and thousands of bushels of beans at that price. Other merchants had to meet that price; they had to take the loss on the stocks on hand. Such large quantities of beans went into consumption that the market was cleared, the glut was removed and immediately the price began to rise. Now I ask you, was it not better for the farmer, for the consumer, for the merchant, for everyone concerned that the price of beans be slashed as it was so that beans would move into consumption, than that the price be maintained as the merchants were attempting to do, with the result that no one could sell any beans?

An hon. MEMBER: Would you apply that argument to wheat?

Mr. YOUNG: Yes, absolutely. The hon. member for East Kootenay (Mr. Stevens) says that discounts should be placed on a

scientific basis. On what scientific basis will you place discounts? The price at which goods should sell is the price at which they will move. No board can sit in an office and determine any scientific price basis at which goods will move. The price at which they will move is the price which the consumer is willing and able to pay for them.

We have had much discussion as to whether or not this legislation is valid. I leave that largely to the legal members of the house. I am more concerned with whether or not this legislation is desirable. Is it desirable even if it is valid? Let us look at it. The hon. member for Winnipeg South Centre (Mr. Kennedy), speaking the other night on this bill, said that when a man steals a loaf of bread he is branded as a thief and sent to gaol; therefore when a man steals the time of his employee he also should be sent to gaol for it. I agree; no one disputes that. But this legislation goes much further than that. It not only proposes to send the man to gaol for stealing the time of his employee; it proposes to send him to gaol for working his employee overtime even if he pays him for it. Section 5 says:

> Everyone is guilty of an indictable offence and liable to two years imprisonment or to a fine not exceeding $5,000, or to both imprisonment and fine who, knowingly—
> (a) employs a person at a rate of wage less than the minimum wage rate fixed by law or any competent public authority;
> (b) permits an employee to work beyond the maximum hours fixed by law or any competent public authority;

What does that section contemplate? We are providing a penalty of fine or imprisonment or both for any man who permits his employee to work beyond the maximum hours, such maximum to be determined by some competent authority. We do not know what the maximum hours would be; we do not know what would be determined to be a crime in the different provinces, but we know that if any employer permits his employee to work overtime, even if he pays him double time for it, he can be sent to gaol. Let us take a few cases. Suppose a bricklayer is sent by his employer to build a chimney. Suppose when quitting time comes the chimney is almost finished, and he says: "I do not want to come back to-morrow morning and finish this; I will work an extra half hour and finish it to-night." His employer may be sent to gaol.

Mr. GUTHRIE: Is the employer permitting him to do that?

Mr. YOUNG: Yes, under this legislation. Suppose a garment maker, making a lady's dress or a man's coat, when quitting time comes is not quite through, and the customer wants it that night. If the employer permits that employee to finish that garment, even if he pays double rate for the extra time, under this legislation he can be sent to gaol. So with a plumber mending a leak in a pipe. Or suppose you are out in the country, something goes wrong with your car, and you take it to a nearby garage and set a man to work on it. When his working time is done he is not quite through. But he must not finish it; if he does his employer can be sent to gaol, so you can wait until the morning, whether there is any place to stay or not. Or suppose a train is out on the road; when the crew's day is up they may be somewhere out on the main line, and if the dispatcher orders them to come to the terminal he also can be sent to gaol for permitting them to work overtime. This legislation might be made to apply to farmers, whatever is determined by the competent authority, and in some provinces they might decree maximum labour hours for the farmers, in which event a farmer who permitted his hired man to stay until he finished the field at night, or perhaps sent him to milk the cows after supper, could be sent to gaol. I went down Bank street the other night and saw them digging a sewer there, and I thought that if at just about quitting time that sewer caved in and half buried some workmen, and the contractors permitted the others to dig them out, they could be sent to gaol for it.

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: My hon. friends laugh, but that is the way the act reads.

Mr. GUTHRIE: Has my hon. friend read the limitation of the Hours of Work Act? That would be the competent authority, as to emergencies and the like.

Mr. YOUNG: The hours of labour undoubtedly will be set by the local authorities, and they will be different in different localities. This provides a penalty for whatever act is passed by whatever local authority.

Mr. GUTHRIE: By a competent local authority.

Mr. YOUNG: I will admit that many of them are not competent. Speaking of incompetence, let us go back to subsection (a), which reads:

> —employs a person at a rate of wages less than the minimum wage rate fixed by law or any competent public authority;

During the investigation we found cases in which the minimum wage law had to be

ignored, and this was particularly so in the garment trades. As I said before the public had ceased to buy garments; they could not buy them. What were they doing? The women had sewing machines in their homes, and they were commencing to make their own garments. Those engaged in the garment trades, therefore, had to compete with the housewives who had sewing machines in their homes. That is why wages are always low in the garment trades; they have to compete with the housewives. As I have already said, it was found that people would not buy garments at the prices which the factories had to charge. Then, by agreement between the employers, the employees and the unions, they said, "In order to get work at all in these factories we will have to take wages less than those provided by the minimum wage law." We asked the competent authority of one of the provinces how he arrived at his minimum wage. He replied, "Oh, we arrived at that fifteen years ago. We based it on the cost of living." Then he was asked, "Have you never changed it since?" He replied, "No, there has been no change in the cost of living since then, so we never bothered changing the law." He was so competent that he did not know that in the last fifteen years the cost of living has varied as much as twenty per cent, but the minimum wage had not been varied accordingly. Now let us look at the next offence:

(c) falsifies any employment record required to be kept by law or any competent public authority;

Have we not laws already against falsifying records? I think we have, so we do not need further laws. Then the next offence:

(d) punches a time clock with intent to deceive;

Is there not a law against that now? It is the same as making a false entry in a record. Then let us turn to the next offence:

(e) puts the wages of more than one employee in the same envelope with intent to evade the provisions of any minimum wage law;

Any person wishing to evade that section simply need not use envelopes. The offence is putting the wages in an envelope.

Mr. GUTHRIE: That is the offence we are aiming at.

Mr. YOUNG: The next offence is:

(f) makes any deduction from any employee's wages for any purpose not warranted by law unless such deduction has been approved first by a competent public authority;

Is it not quite apparent that any person who makes a deduction from his employee's wages contrary to the law is breaking the law? I do not think that section is necessary at all. The next offence is:

(g) employs any child or minor person contrary to law;

What is a minor person? I am not a lawyer, but I think it is a person under twenty-one years of age. Here we have a prohibition against the employment of children or minor persons contrary to law; a man can be sent to gaol for that. Then the last offence:

(h) does any other similar act contrary to law or the rules or regulations of any competent public authority.

Then the penalties follow; a year's imprisonment or $5,000 in fines for breaking any rule or regulation made by certain public authorities to be set up by other bodies. Then we pass on to section 6, and we find:

Every person engaged in trade or commerce or industry is guilty of an indictable offence and liable to a penalty not exceeding one thousand dollars or to one month's imprisonment, or, if a corporation, to a penalty not exceeding five thousand dollars, who

(a) is a party or or privy to, or knowingly assists in, any transaction of sale which discriminates against competitors of the purchaser in that any discount, rebate or allowance is granted to the purchaser over and above any discount, rebate or allowance granted to the aforesaid competitors in respect of a sale of goods of a similar quality and quantity;

Translated that means that if you give a discount to one person you have to give the same discount to another person. The object of this provision is to give the small merchant the same chance in the market that the large mass buyer has, but this section will not achieve that end because in the investigation we found that one of the largest chain stores in the country, and I think perhaps one of the hardest buyers in the country, received hardly any discount. They did not go in for discounts; they did not ask for discounts. They said, "What is your price? This is what we will pay, no more, no less." As my hon. friend from Hants-Kings has pointed out, this section is almost impossible of enforcement. Then we go on to the next subsection:

(b) engages in a policy of selling goods in any area of Canada at prices lower than those exacted by such seller elsewhere in Canada, for the purpose of destroying competition or eliminating a competitor in such part of Canada;

I wonder if that is meant to apply to goods that are sold prepaid. Let us take cigarettes manufactured in Montreal and sold at the same price all over Canada. The company has to pay the freight on those cigarettes all

the way to Vancouver, and naturally they will have to take less for the cigarettes they sell in Vancouver than for the cigarettes they sell in Montreal or Ottawa. I do not know whether that would be considered discrimination. But let me give you an example of what is happening now, in order to see how this would work out. A certain chain store has a large number of units in different parts of this country. It adopts the practice of selling at the same price in all those units, as far as possible, but it finds that in one particular city it has a competitor, also a chain but a local chain with all its stores located in one place. Under this section that local chain can cut prices as to-day it is cutting prices, on the larger chain. Under this section the larger chain would be denied the right to meet those prices unless they sold their goods for the same prices in every part of the country, but they could not sell for the same price all over the country. What would you do about it? In that way you could tear that big chain to pieces, by letting this one chain undersell it in this place and another chain undersell it some place else, and so on. Then the next paragraph:

(c) engages in a policy of selling goods at prices unreasonably low for the purpose of destroying competition or eliminating a competitor.

I do not know how you would determine whether prices were unreasonably low for the purpose of destroying a competitor or eliminating competition, but as I said before the trouble in this country to-day is that prices have not been low enough. The prices of primary products went down to the point where the producers of those goods could not buy the secondary products because they could not pay the retail prices for them. It has been found impossible to raise the prices of primary products. The only way to get business moving, the only way to increase employment, the only way to restore prosperity in this country is to bring down prices. Merchants were not willing to bring down prices because they did not want to take the losses it would involve in connection with the stocks on hand. Those cutting prices were the ones forcing prices to come down; they were really the benefactors of the people, because they were forcing on the mercantile trade generally the very policy that was required to get business moving.

On the whole I think the legislation, whether valid or not, is undesirable and for that reason, Mr. Chairman, I believe it should be opposed.

[Mr. Young.]

Mr. WOODSWORTH: It seems to me, Mr. Chairman, that as so far we have had speakers only from the government side and the opposition, possibly it would be well that some of us who belong to neither of these parties should have a word to say on this matter. As I understand it the Liberals take their stand in opposition to this measure very largely on two points, first of all that it is unconstitutional and secondly that it is undesirable as interfering with trade and private affairs.

With regard to the constitutional aspect of the question, we had that matter discussed earlier in the evening from the purely legal standpoint. I do not profess to be an expert in legal matters but I do know enough of the history of law to recognize that it is very largely a history of changes in public opinion and the very slow and lagging process of gradual change in law made reluctantly in an effort to come up to the existing development of public opinion. The law lags far behind, and it is only under very great pressure that at last we have recorded in our codes the decisions arrived at by the great majority of our people. I quite agree with the hon. member for Winnipeg South Centre (Mr Kennedy) when he states that there is no clear cut line between criminal and non-criminal acts. A few years ago it was not a crime to hold slaves. Many people of the most worthy classes held slaves, and justified themselves from the ethical standpoint in so doing. Undoubtedly in those days it was legal to hold slaves; there was no crime in it whatever. Then there arrived a time when it was declared to be a crime to hold slaves. I have not the slightest doubt that before that time there would be a great deal of legal argument to the effect that to do away with slavery would be an infringement upon the rights of private property. That would be a logical argument, because men had private property in the possession of slaves and, as the rights of private property were understood up to that time, the taking away of the slaves would be an infringement.

It seems to me that to-day we face the necessity of a higher code, a new code if you like, with regard to the protection of society, necessitated by the new conditions which have developed in this industrial period. To a certain extent competition used to act as a regulator. I am pleased that the hon. member for Hants-Kings (Mr. Ilsley) pointed out that fact so clearly, but I believe he would also recognize that to a very large extent competition has ceased to be a regulator to-day.

Mr. ILSLEY: No.

Mr. WOODSWORTH: I thought he had gone farther than he admits. It would seem as though the great mass of evidence before the price spreads commission went to show how hopeless is the factor of competition as a real regulator. From beginning to end the evidence before that commission shows the growth of large scale industry tending to monopoly, all sorts of agreements indicating an utter disregard of public welfare and certainly a very great disregard of the welfare of employees.

I do not think we can any longer count upon competition as a regulator of trade. Someone has called attention to the fraudulent practices noted by the price spreads commission. I have not time nor do I think it necessary to enumerate those practices, although in part they were enumerated by the hon. member for Weyburn (Mr. Young). I do ask however whether it is impossible to-day for us to do something to safeguard the interests of employees. There is no doubt that people are being employed at a rate of wages less than the minimum rate fixed by law. I cannot see anything absurd or out of the way in making that a crime. The evidence disclosed that there were people employed at wages less than sufficient to keep body and soul together, as we put it, and quite insufficient to maintain a decent standard of living. Some received as low as $2 a week. In many cases it meant that girls were being forced out on to the streets. Yet when we suggest that some measures be taken to prevent this kind of thing we are told it is utterly absurd. Surely if it is a crime to deal cruelly with people it is a much greater crime to have that cruelty extended over a number of years.

We used to think that in Canada we had some ideals of sportsmanship. Some people exercise good sportsmanship when dealing with wild game. They will give a bird or an animal a chance for his life, but these same people will put an employee in a position where he has no chance, and where he is driven down, and down. I would suggest to the hon. member for Weyburn that he read the laws already on the statute books. If we have protection for wild game surely we might have some protection for the workers in our factories. Even the farmer cannot shoot game or catch fish in certain seasons of the year. I wish the hon. member for Weyburn would have a little greater sense of proportion and try to balance things up a little more than he does. We have all sorts of regulations, but when it comes to anything affecting trade and commerce it would seem that the whole realm is sacrosanct.

There is a provision in this bill against workers being allowed to work above the maximum hours. Is there anything wrong in that? We have legislation, which possibly the hon. member for Weyburn would uphold, preventing Sunday work. It is quite true that a man's automobile might break down on Sunday, and he might be held up. In spite of this, I think the hon. member for Weyburn would agree that the legislation enforcing respect for the Sabbath is quite proper. Yet any measure for that purpose is surely as arbitrary as this one prohibiting the working of employees beyond proper hours.

Then we come to the falsification of statements. Again, why is this not a crime when it affects the welfare of an employee? If we falsify a cheque, endorse or sign it improperly we are liable to the law of embezzlement, and have committed a crime. Why is it less a crime to falsify a statement supposed to indicate the hours of work of an employee? I cannot see why it would be. Possibly it would be considered a lesser crime merely because we are not accustomed to prohibiting these practices against the interests of employees. We have not yet seriously taken to heart the interests of the employee.

And so I could go on to a discussion of all the matters dealt with under section 5. The hon. member for Weyburn actually attempts to poke fun at subsection (g), which reads:

(g) employs any child or minor person contrary to law.

Well, when we consider that young children are being employed at pitiably low wages, and being stunted in body and mind, we must feel indignant when we find anyone ridiculing legislation designed to protect them.

Mr. YOUNG: Will the hon. member say what a minor is?

Mr. WOODSWORTH: I will leave that for general definition.

An hon. MEMBER: He knows well enough what it is.

Mr. WOODSWORTH: "Employs any child or minor person contrary to law"—could you want anything more than that?

Mr. YOUNG: I want to know what a minor is.

Mr. WOODSWORTH: The law defines it. Surely we have the right to protect minors. We have a solemn obligation to protect the youth of Canada and I do resent in this twentieth century any hon. member, even one calling himself a Liberal, trying to ridicule legislation designed to protect children.

Mr. FRASER (Northumberland): No person ridiculed it.

Mr. WOODSWORTH: That was my understanding. The hon. member for Northumberland (Mr. Fraser) has chosen to interrupt, and following that interruption I would turn to the next section of the bill. The Liberals oppose this section as being contrary to the freedom of trade. In a debate only a few days ago on the marketing act the hon. member for Northumberland protested against producers being coerced, and against their being enforced to adopt ideas and policies tabulated or formulated in the minds of so-called supermen who have been chosen by the Minister of Agriculture to tell Canadians what the producers know better than he knows. The hon. member waxed eloquent when he was speaking about the matter, stating that the Natural Products Marketing Act was the most vicious piece of legislation ever placed on the statute books of Canada. He said it was impossible to prevent bootlegging in liquor and he wondered how we could prevent bootlegging in potatoes. He asked how an ordinary decent Canadian citizen such as he himself claimed to be could possibly be prevented from selling his goods in any way he pleased. He wanted to know what you could do with him if he refused to sell his apples, and so on and so on. In connection with one of the clauses I happen to have had my attention called to the Milk Control Act of 1934 of the province of Ontario, which was modified very slightly by the Liberal government this year in order to make it more stringent. Let us see what they are doing in the province of Ontario. I quote from the act:

> The board shall have jurisdiction and power upon its own initiative, or upon complaint or request made to it in writing, to inquire into any matter relating to the producing, supplying, processing, handling, distributing or sale of milk and, subject to the approval of the lieutenant governor, to make regulations with respect thereto or to any of the said matters.

I want to call this to the attention of the hon. member for Northumberland. As I have said, the act was under review by the Liberal government in Ontario this year which made one or two slight modifications to make it more drastic. Quoting from the act again:

> (a) governing and supervising the producing, processing, handling, storing, hauling, delivering, distributing, keeping or offering for sale and the sale of milk, and all persons engaged or employed therein, and the reports and returns to be made by them to the board;

I suppose that what is true of milk may conceivably be true of potatoes or apples. I quote further from the act:

> (a) requiring persons or classes of persons engaged or employed in the processing, handling, storing, hauling, delivering, distributing, keeping or offering for sale, or the sale of milk to be licenced and to fix the term of such licences and the fees to be paid therefor;
>
> (c) governing disputes and the determination of disputes arising between producers and distributors of milk, or between any two or more classes or branches of persons engaged in the milk industry as producers, processors, handlers, haulers, distributors or vendors of milk, or as being otherwise engaged in the said industry;
>
> (d) governing agreements which may be entered into between producers of milk and other persons or classes of persons engaged in the milk industry.

Surely that legislation is telling the producers what they have to do, and it provides for fines in connection therewith. I want to read one or two other brief sections to give the scope of the act:

> No person shall engage or be employed in any branch of the milk industry as provided by and in accordance with this act and the regulations.

Again that is almost identical with the terms of the Natural Products Marketing Act, and certainly not less severe than that which we have before us this evening. Then section 11:

> Every person who violates any of the provisions of this act or of any regulation, rule or order made under this act or of the board shall incur a penalty of not less than $5 for each offence, recoverable under the Summary Convictions Act.

There you have a man made a criminal and fined for disobeying any of the regulations under the act.

Mr. FRASER (Northumberland): That is what I objected to the other day.

Mr. WOODSWORTH: Quite so, but I say that this is in force in the province of Ontario in regard to milk, and the whole act was under review and modified to make it more drastic by a Liberal government in Ontario.

Mr. FRASER (Northumberland): I said the other evening that I did not care whether it was a Liberal, Conservative or Cooperative Commonwealth Federation government. Two wrongs do not make a right.

Mr. WOODSWORTH: My hon. friend repudiates the Liberal government of Ontario for retaining this law on the statutes?

Mr. FRASER (Northumberland): No, the hon. member is away off the mark. I stated quite clearly what I had to say.

Mr. WOODSWORTH: The province of British Columbia under a Liberal government

has taken very similar action. I am afraid the hon. member for Northumberland will have to withdraw himself from the Liberal party and its policies.

Mr. FRASER (Northumberland): If I do I won't go down there among you; I can tell you that.

Mr. WOODSWORTH: That may be. I think the hon. member will have to adopt the policy of the ex-Minister of Trade and Commerce (Mr. Stevens) and form a party of his own. I repeat it was the Liberal government of Ontario that amended the Milk Control Act.

Mr. FRASER (Northumberland): If I do form a party I will get further than you did in forming one.

Mr. WOODSWORTH: I sent to the library a few minutes ago to try to obtain the official amendment that the Ontario government made to the Milk Control Act, but it was not available. I venture to read from the Canadian Co-operator of April, 1935, what I think may be taken as a correct copy of the amendment. This amendment to the Milk Control Act with respect to the prohibition of co-operative dividends, which was introduced by the Hon. Duncan Marshall, reads:

> Notwithstanding anything in the Companies Act or in any letters patent of incorporation or supplementary letters patent or in any other general or special act contained, no person, firm or corporation shall give or distribute any fund, refund, rebate, interest or dividend to any purchaser of milk therefrom, either directly or indirectly in respect of such purchases of milk, except such interest or dividend as may be earned on capital invested by such purchaser in such firm or corporation.

And the Canadian Co-operator adds this note:

> The exception in favour of payment of interest or dividends on their capital investment in dairies by milk consumers seems to be a deliberate discrimination in favour of capitalist dairies. In recnt years it has been the practice of some of them to conduct campaigns for the sale of dairy securities to producers and consumers of milk. Capitalist dairy corporations are specifically enabled to distribute their profits in a manner agreeable to them, but that right is denied to cooperative dairies.

I have read this amendment because I think there is a danger that we do precisely the same thing if we pass section 498A (1) without some modification or without adding some safeguarding clause. I received a letter the other day from the secretary of the Co-operative Union of Canada, who points out that:

> While manifestly not intended to embarrass cooperatives or to obstruct the practice of cooperative principles, it is possible that the distribution of the net profit surplus made by cooperative wholesales among retail societies might legally be construed to be within the prohibition of the payment of discounts, rebates or allowances, and a similar distribution of the net profit, surplus, by retail societies among consumers might legally be interpreted as reducing net prices to unreasonably low figures. The question of motive is a difficult one to establish in law, but unsympathetic courts might find as a fact that cooperative societies operate "for the purpose of destroying competition or eliminating a competitor."

He suggests that the following be added as an addendum to section 498A(1) of the criminal code, and I draw the minister's attention to this in order that perhaps he himself may see fit to incorporate it in the draft:

> The provisions of this subsection shall not, however, prevent a cooperative society returning to producers or consumers, or a cooperative wholesale society returning to its constituent retail members, the whole or any part of the net surplus made in its trading operations in proportion to purchases made from or sales to the society.

It would seem to me, Mr. Chairman, that an amendment of that kind would safeguard the cooperative societies. From the present draft I do not think the government is intending to penalize the cooperative societies but since it may have that effect I believe something of this kind is highly desirable.

Mr. GUTHRIE: I may tell my hon. friend that a suggestion has been made already in the language in which he has moved it, and the view of the law officers is that this section as drawn would not apply to the cooperative societies. However, it may be necessary to clarify the matter and I will let my hon. friend know the next time the bill is before the house.

Mr. WOODSWORTH: I thank the minister. I wanted this matter made very clear because while it is desirable to curb the avaricious practices indicated by the report of the price spreads commission, it is an altogether different thing for people to organize cooperatively and return their dividends. The report of the price spreads commission urges:

> —further development of consumers' cooperatives in Canada would be of general benefit.

It has also declared that the movement—

> —should not be victimized in the early stages of its development by unfair competitive practices or price discrimination on the part of manufacturers and wholesalers.

I have very little more to say on the bill as a whole, but in the few minutes left to me I should like to refer again to section 5.

Anyone who has been connected in any way with the labour movement or who has been in close contact with industrial affairs must realize that in many cases the employee is almost helpless. We see this fact in its most exaggerated form in the company towns where a large corporation, very often an American corporation, practically controls the life of the whole community. It is quite obvious that in such cases the employee is helpless. It may be said that he can organize with others but I submit that so far we have made no provision for the protection of the employee in his right to organize. Under these circumstances it has become practically impossible for employees to form a strong union. We in this house claim that this parliament is an impartial authority; as such it becomes incumbent upon us to protect the weaker members of society who are not in a position at the moment to protect themselves.

I cannot see why there should be such solicitude for the interests of the employers and the great corporations. Should an employee break a bit of machinery or smash a window he is considered a criminal, while through a long series of years employers have persisted in practices which have undermined the health of the workers, which have condemned them to a life in which they have no joy in living, and which have precluded them from the enjoyment of leisure. Yet these employers are not treated as criminals. In my judgment their crime is far more serious than that of the man who destroys a bit of property. Human life ought surely to be worth more than property. As yet we have hardly begun to protect human life, and while this legislation is far from being what I should like it to be, I feel that it is a gesture toward protecting the welfare of the employees and as such I welcome it.

Progress reported.

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

Tuesday, June 11, 1935

The house met at three o'clock.

BANKING AND COMMERCE

Second report of the select standing committee on banking and commerce—Mr. Chaplin.

[Mr. Woodsworth.]

B.C. RELIEF CAMPS

REPORT OF MACDONALD COMMISSION APPOINTED TO INQUIRE INTO CONDITIONS

On the orders of the day:

Hon. GROTE STIRLING (Minister of National Defence): Mr. Speaker, I beg to lay on the table report of the commission which was appointed to investigate conditions in the relief camps of British Columbia. I should like on this occasion to make a statement thereon.

The report is presented by the Hon. W. A. Macdonald, C. T. McHattie, and the Reverend E. D. Braden, appointed a commission by order in council P.C. 861, dated April 1, 1935, to inquire into the conditions obtaining and all and any complaints which have been made with respect to the administration and management of the camps established by the Department of National Defence in the province of British Columbia.

In view of the general interest in this report as evidenced by the many enquiries made by hon. members of this house, I think it would be of interest should I briefly recapitulate the principal points adduced by the commission from the evidence which they collected in the course of a most comprehensive survey of the situation during which, in addition to public hearings in the larger centres in British Columbia, they visited 46 separate camps; in all 277 witnesses were examined.

The greatest care was exercised by the commission in order to ensure that all who wished to testify should have a full and fair opportunity of so doing and men were encouraged in the absence of members of the camp staffs to freely state any complaints and grievances which they might feel they had.

The commission "questioned all witnesses as to matters which were likely to create a grievance in camp life, such as food, cooking, sleeping accommodation, sanitation, medical attention, recreation, consideration of complaints and other matters." It may be assumed therefor, that every possible complaint or cause of complaint has been fully enquired into.

The commission reports:

> We are quite satisfied that the officers commanding these military districts properly performed their duties in administering and managing these camps, and that they acted with fairness and ability in discharging a new and difficult task.

The military districts referred to are military districts Nos. 11 and 13 with head-

quarters at Esquimalt and Calgary respectively. As regards the superintendents of groups of projects, the statement is made:

We contacted all the superintendents, and from the results obtained in their work, they appeared quite competent. When you consider the responsibility borne, the nature of the duties performed, the difficulty of maintaining discipline, and the nature of the employment of the thousands in these camps, then, almost without exception, they filled their positions satisfactorily.

The exceptions referred to relate to the cases of two individuals only out of the many whose services were commented upon. In one of those cases, in the light of all circumstances, the commission report:

We are not disposed to make any adverse criticism of this superintendent.

In the other case the evidence is of a failure in certain administrative arrangements and of a lack of judgment in the individual concerned. The replacement of this man has been under consideration for some time but action was deferred pending the reports of the investigation. Definite arrangements have now been made to replace him.

Several complaints of mail being tampered with were received. In this connection the commission reports:

We find that the charges were not supported by evidence.

As regards foremen in individual camps, after commenting on the difficulties inherent in their position, the commission state:

The foremen, as a whole, acted properly and patiently.

Certain individual cases, where complaints against foremen appeared well founded, were brought by the commission to the attention of the superior authorities concerned. These cases are not specificaly set out in the commission's report but as soon as full particulars are available they will be dealt with as the circumstances may require. It is pointed out however, that during the period of administration by the Department of National Defence, 192 changes of foremen and subforemen have taken place and of these thirty per cent were for disciplinary reasons or incompetency.

One of the complaints made against the camps was the so called "militarization." The commission states:

We feel no hesitation in reporting that it did not, and does not, exist in the slightest degree.

As regards food, the commission stated:

We consistently investigated this important feature of camp life, and became satisfied that the meals which had been, and were being, served to the men were good then, and had been so, long prior to our visits.

Reference is made to occasional "bad cooking which may have spoiled good food" and the steps being taken by the Department of National Defence to remedy this situation through the establishment of a school of cooking. The first of these courses has been completed and a second is under arrangement. The capacity of the course is for thirty candidates. In other comments on the satisfactory quality of the food supplied, the commission make a reservation as to the quality of milk and the condition of meat in certain cases. They state that the complaint respecting milk "has now been remedied." As regards meat they state that "care has been taken to provide for a proper supply of meat" but that "on several occasions, the strictness which should have been applied in requiring fulfilment of the terms of the contract was neglected." This matter is being further inquired into and the necessary action will be taken to terminate those contracts where neglect has been shown. There is definite information, however, that in many cases meat not up to the standard has been returned to the contractors at their expense.

The commission reports:

There was a complaint made as to beds, but this has been remedied, although an objection still exists in some of the camps.

Further particulars of this are being obtained and consideration will be given and also to a suggestion as to the issue of "cotton sheets."

The commission states that generally speaking they were satisfied as regards cleanliness of dining rooms, kitchens, bunk houses and store rooms, especially the kitchens. They refer to cases of vermin and comment that "steps were being taken to cope with the situation." They remark that "cleanliness was a characteristic of the men in the camps." They refer to one camp in which rats had become a menace. This matter will receive prompt and effective attention. During the past three weeks the rats have been practically eliminated by the use of gas. Except as regards one camp where immediate remedial action is being ordered, the commission reports favourably on sanitation and the same is true as regards water supply. They refer to "the wonderfully good health which prevailed."

As regards medical attention to the men in the camps the commission report investigating complaints as to lack of attention and neglect and state that they found these "not substantiated by evidence."

Certain suggestions as to a change in the system followed for the issue of tobacco are put forward for consideration and these will be carefully examined.

In their report the commission then examined the mental attitude of the men in the camps, the question of unsuitability of some of the men for the—

—type of life involved or the work expected to be done;—

the question of young men in the camps; of the difficulty of men keeping in touch with possibilities of employment; the limited assistance which the provincial labour bureau has been able to offer; the fact that the idea prevails among the men that employers deem them unsuitable for employment. In this connection the commission comment that—

We did not find evidence to substantiate this opinion.

Reference is then made to the so called "clothing racket;" to the alternative of giving a cash allowance in lieu of issues in kind and the opinion is expressed that this—

—would not be beneficial to the men utilizing these camps.

I may say that this opinion is fully shared by the administrative officers of the department; that the costs for clothing are remarkably moderate having regard to all circumstances and that it is clear that trafficking in this clothing, while it does take place despite all the precautions which have been taken, is not on anything like as large a scale as some reports from outside sources would seem to indicate. Further, measures to act as a deterrent to this diversion of equipment intended for relief, have now been instituted but it is too early as yet to judge the results which will be obtained.

I may say that the possible difficulties in connection with the issue of clothing and other necessary equipment were foreseen at the time the relief projects were first instituted and at that time it was decided to rely on the good faith of the men being cared for unless and until it had been established by experience that precautions against theft and misuse were necessary.

It must be realized that every restrictive measure which is instituted to prevent abuse by a few unscrupulous individuals impinges also on the vast majority of the men who act fairly in these matters.

The commission refer to isolation of some of the camps, to the absence of social contacts and the lack of any change of environment—

—with a consequent depressing mental attitude.

[Mr. Stirling.]

In this connection, as a result of a survey of the situation throughout Canada which had been placed in hand before the commission was appointed, the conclusion was reached that a system of leave with allowances should be instituted. The necessary instructions in this connection were issued on 8th May, 1935, and the railways are cooperating by the issue of transportation at reduced rates (2 cents per mile).

As regards recreation, the commission states:

A general complaint was voiced in all camps visited regarding inadequate recreation facilities and appointments.

Up to the present no recreational equipment has been provided as a charge against the public for the reason that it was thought that this should and could be provided otherwise. Many thousands of dollars either in cash or in kind were raised through the personal endeavour of the officers of the Department of National Defence, the units of the militia and of the air force and their friends who had a natural desire to assist in helping those less fortunately placed. These funds were supplemented by the small profits from the canteens and the whole has been very carefully administered with a view to doing the best possible, particularly for the outlying projects in isolated localities far from the observation of the public.

Mr. MACKENZIE (Vancouver): May I ask the minister if he has included all the recommendations of the commission in the statement he has just read to the house?

Mr. STIRLING: I would not say it has picked up every one of them, but it has dealt with the principal ones.

Mr. MACKENZIE (Vancouver): Will copies of the report be available?

Mr. STIRLING: The hon. member for Vancouver South (Mr. MacInnis) asked with regard to the printing of the report. The government's idea is that there would not probably be a large enough demand for the report to warrant the printing of it. However I have a spare copy in typewritten form, and if the hon. member asks me for it I shall be glad to let him see it.

Mr. MUNN: I should like to ask a question in this connection. I think all members from British Columbia would like very much to have a copy of the report; perhaps members from other parts of Canada would like to see it, too.

Mr. NEILL: Hear, hear.

Mr. MUNN: Would it not be possible to have it printed? I should like to have an answer from the minister.

Mr. STIRLING: Very well. I move:

That 200 copies in English and 150 copies in French of the report be printed.

Mr. MACKENZIE (Vancouver): Hear, hear.

Motion agreed to.

NATIONAL RESEARCH COUNCIL

APPOINTMENT OF MAJOR GENERAL A. G. L. MCNAUGHTON IN PLACE OF DOCTOR H. M. TORY

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I have a question to ask. Originally I intended to ask it of the Minister of Trade and Commerce (Mr. Hanson) but I believe I shall direct it to the Prime Minister (Mr. Bennett). My question is based upon a press report of a few days ago to the effect that Doctor H. M. Tory, head of the national research council has resigned, and that his successor was appointed, namely, Major General McNaughton at a salary of $15,000 per year. I understand Major General McNaughton has been chief of staff of the Department of National Defence for some time at a salary of $10,000.

My question is this: Has Major General McNaughton resigned as chief of staff of the Department of National Defence, and if so when; and when did he assume the duties of head of the national research council at $15,000 per year?

Right Hon. R. B. BENNETT (Prime Minister): Some seven years ago a contract was entered into between the government of Canada and Doctor Tory employing him for a period of seven years from the 1st day of June, 1928, to the 1st day of June, 1935, at a salary of $15,000 per year, or until his successor was appointed. I believe communications took place between the Department of Trade and Commerce and Doctor Tory, and when the 1st of June came Major General McNaughton was appointed in his stead at the same salary for the same term, and of course he ceases to be chief of staff. He will be paid the emoluments of his new office, when he takes that over, after cleaning up his present office, Major General Ashton having been appointed chief of general staff.

Mr. SANDERSON: I am not quite clear on the matter. I understood the Prime Minister to say that Major General McNaughton took charge of the national research council on June 1; is that right?

Mr. BENNETT: I said he was appointed as from the 1st of June.

Mr. SANDERSON: Is he still chief of staff of the Department of National Defence?

Mr. BENNETT: He is not drawing two salaries, if that is what the hon. gentleman means. But he is clearing up the business of his office until General Ashton takes over. The fact is however that he is appointed head of the national research council from June 1, 1935.

Mr. SANDERSON: Then, Mr. Speaker, Major General McNaughton is still acting chief of staff of the Department of National Defence and is also at the head of the national research council; is that right?

Mr. BENNETT: Of course that is not correct. If the hon. gentleman will listen again he will not have so much difficulty.

Mr. SANDERSON: I have been listening attentively.

Mr. BENNETT: I said that Major General McNaughton had been appointed head of the research bureau from June 1, 1935, and that he is cleaning up his department as a matter of detail, and will occupy the position as chief of the research bureau. That is his appointment. He is cleaning up his position, but is acting as head of the council, and has acted as such. He is doing the same as any man going to another position would do, namely, cleaning up his old office as his successor, General Ashton, has not yet arrived.

Mr. MACKENZIE (Vancouver): May I ask the minister if General McNaughton will be seconded for duty with the national research council or will he sever all connection with the Department of National Defence?

Mr. STIRLING: He ceases to be chief of general staff and becomes president of the national research council.

Mr. MACKENZIE (Vancouver): And not seconded,—or is he appointed for a number of years under contract?

Mr. BENNETT: I said that.

Mr. MACKENZIE (Vancouver): It is an important point. Is he seconded for duty or is he not?

Mr. STIRLING: No.

Mr. BENNETT: He is seconded, yes.

Mr. SANDERSON: I should like to ask the Minister of National Defence or the Prime Minister about the pension Major General McNaughton will receive after he leaves the Department of National Defence?

Mr. BENNETT: He will receive such pension as his payments entitle him to receive under the law.

Mr. CASGRAIN: Outside of the $15,000?

Mr. SANDERSON: If the Prime Minister is aware of the exact amount of the pension I think he should state it to us.

Mr. BENNETT: I have no idea what the pension would be, nor has anyone else until the moment for pension arrives. When that time arrives he will be eligible for the pension to which his payments to the superannuation fund have entitled him.

Mr. SANDERSON: Mr. Chairman—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Sit down.

Mr. SANDERSON: I won't sit down until this is finished. My question is a very proper one and in the interests of the public generally. If the Prime Minister does not have the information in regard to the pension which Major General McNaughton will receive after he goes over to the research council and receives $15,000 per year will he when he finds that out give the information to the house?

Mr. BENNETT: He will answer at once. He will receive no pension. I made it so clear that I did not think any man with intelligence would have any difficulty in understanding it.

Mr. SANDERSON: I would say to the Prime Minister that my intelligence is not of the same standard as his, but I say further that this afternoon he is evading the question. Will Major General McNaughton maintain his pension rights when he goes over as head of the research council?

Mr. BENNETT: I made it clear that he has the right of pension which would be due him as a public servant when he terminates his services. He will secure such pension as his payments into the fund entitle him to receive. He will not receive pension and salary at the same time. I repeat, he will not receive a pension and salary at the same time.

Mr. LAPOINTE: That is better.

HIGH COMMISSIONER'S OFFICE

INQUIRY CONCERNING QUESTION PASSED AS ORDER FOR RETURN

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, may I draw the attention of the Minister of Trade and Commerce (Mr. Hanson) to page 3451 of Hansard for yesterday, and particularly to a question having to do with the High Commissioner's office at London, and the expenditures in connection therewith. Yesterday when the question was called the minister called "Answered." To-day it appears in Hansard that he stated "Return tabled forthwith." I have telephoned the office handling sessional papers, and I find that there are no papers in that office. May I ask what the minister meant?

Hon. R. B. HANSON (Minister of Trade and Commerce): I believe my answer was not correct. I thought I was answering another question. I understand the question was ordered to stand as an order for return then tabled or to be tabled. However there will be no difficulty about it.

TRADE AND INDUSTRY COMMISSION

ADMINISTRATIVE, ADVISORY AND INVESTIGATORY FUNCTIONS—PROVISION FOR A DIRECTOR OF PUBLIC PROSECUTIONS

Hon. R. B. HANSON (Minister of Trade and Commerce) moved the second reading of Bill No. 86, to establish a dominion trade and industry commission.

He said: Mr. Speaker, the bill now before the house for second reading is an honest, sincere attempt to give effect to such portions of the report of the royal commission on price spreads not otherwise provided for in legislation currently before the house and within the constitutional limitations of parliament.

It will be recalled that chapter 9 of the report of the royal commission, beginning at page 248 of the report, deals exhaustively with the problem of state control of business, and the general recommendations of the report have been summarized under the following headings and recommendations:

1. The setting up of a federal trade and industry commission with a structure consisting of five members appointed by the governor in council as a semi-autonomous board under the president of the privy council; (b) its status both in its authority and in its relation to the responsible minister and to parliament to be similar to that of the board of railway commissioners.

I shall allude to the question of the structure of the proposed board at a later stage in my remarks.

2. Functions of the commission. These were to be administrative, advisory and investigatory. I shall not go into the various sub-

headings of all these functions but would crave leave to have the summary of the general recommendations as they appear in the report printed in Hansard:

Chapter IX

The Problem of State Control

General Recommendations

1. Federal trade and industry commission.

1. Structure

(a) To consist of five members appointed by the governor in council, as a semi-autonomous board under the president of the privy council.

(b) Its status both in its authority and in its relation to the responsible minister and parliament, to be similar to that of the board of railway commissioners.

2. Functions

(a) Administrative—

(1) Rigorous administration of an amended Combines Investigation Act, for the purpose of retaining and restoring competition whenever possible.

(2) On instruction from the governor in council, to regulate monopoly, when competition cannot or should not be restored or enforced.

(3) On instruction from the governor in council, to a sanction and supervise agreements for industrial self-government.

(4) To prohibit unfair competitive practices.

(a) Such practices should not be set out in detail in the act setting up the commission, but a general definition of unfairness should be included.

(b) A definition for this purpose is suggested.

(c) Certain practices such as discriminatory discounts, rebates and allowances, territorial price discrimination and predatory price-cutting, should be included within this definition.

(d) The commission should act by inquiry, hearings and where necessary, prohibitory orders.

(e) An appeal from these orders to the Exchequer Court of Canada, should be permitted.

(f) The commission should be given adequate power, as outlined, for the enforcement of its orders.

(g) In more serious cases, the commission might prosecute directly under the act for the offence of competing unfairly.

(h) The results of its major findings should be published.

(5) To supervise generally, or cooperate in the administration of existing laws relating to merchandising and business practices for which no other agency exists.

(6) To administer new laws for the protection of the consumer.

(7) To administer the regulation of new security issues for protection of the investor.

(8) To cooperate with chambers of commerce and boards of trade in the development of commercial arbitration or the refereeing of business disputes.

(9) To cooperate with other government agencies, whether federal, provincial or municipal, in the solution of trade and industrial problems.

(b) Advisory—

(1) To government—

(a) To recommend to the governor in council the recognition and regulation of monopoly in special situations where competition cannot be restored.

(b) If so requested by an industry, and after investigation, to recommend to the governor in council the granting of powers of "self-government" in special situations where competition seems undesirable.

(c) To recommend to the governor in council such regulatory measures as each such situation seems to require under (a) or (b).

(2) To industry—

In cooperative trade practice conferences to advise industry and secure its advice about the elimination of unfair trade practices.

(c) Investigation and pubicity—

(1) Full power to inquire into the organization and practices of any industry.

(2) General economic investigation.

(3) Full publicity to the results of any investigation.

(4) Authority to require that firms or industries publish such information about prices or other matters as may be in the public interest.

2. Amendments to the Combines Investigation Act.

1. To facilitate the application of the act to single unit monopolies, as well as to combinations in restraint of trade, a definition of monopoly is given which should be included in the act.

2. Section 28 of the act should be amended to ensure that reports of inquiries by the registrar, when the inquiry has been such as a commissioner would make, should be subjected to the same provisions in respect to publication as are commissioner's reports.

3. Proposals for the extension of the general statistical work of the dominion bureau of statistics.

The second general recommendation relating to this problem of state control had to do with amendments to the Combines Investigation Act, and there were proposals for the extension of the general statistical work of the dominion bureau of statistics.

For the purpose of the report, the commission divides industry into five different categories, namely:

1. Monopolies which could be subjected to complete regulation or government control.

2. Industries wherein competition could be satisfactorily restored by the enforcement of the Combines Investigation Act.

3. Imperfectly competitive industries wherein regulations must be resorted to rather than the restoration of competition.

4. Industries where competition is effective.

5. A few industries where competition is of such a cut-throat character that it must be modified. This is referred to at page 264 of the report.

The commission recommended the setting up of a trade and industry commission under the president of the privy council and which was to have among others the following powers:

A. Rigorous enforcement of the Combines Investigation Act. This is referred to at page 266 of the report.

This recommendation is incorporated in clause 13, of the bill, which provides that the commission shall be charged with the administration of the Combines Investigation Act, and shall exercise all the powers and jurisdiction and perform all the duties conferred on the commission under the said act.

Under this power, industries in the second and fourth categories above referred to, were to be dealt with. The commission pointed out that the Combines Investigation Act should be strengthened by rendering it more definitely applicable to "single company monopolies," as compared with combinations.

A definition of monopolies was recommended which has been substantially adopted as one of the amendments to the Combines Investigation Act, bill 79, wherein under section 2 (4) "merger, trust or monopoly" is defined to mean and include "any combination resulting from the purchase, lease of, or other acquisition by any person of any control over or interest in the whole or part of the business of any other person; or any person or combination of persons engaged in industry or commerce who, in any particular area or district or generally in Canada, dominate or control any class of business; or any person or combination of persons possessing or exercising within any particular area or district or generally the sole right or power of manufacturing, producing, transporting, purchasing, supplying, storing or dealing in any commodities which may be the subject of trade and commerce." I submit, Mr. Speaker, that that is a very wide definition of merger, trust or monopoly.

B. The second power to be given the commission was to regulate monopolies "where competition cannot or should not be restored. This is referred to at page 267 of the report.

The commission recommended that specific industries should be declared by the commission monopolistic and exempt from the operation of the Combines Investigation Act, and subject to regulation by the commission. Under this power industries in the first and third categories are to be dealt with.

In the bill as originally drafted and submitted to counsel for opinion, there was a provision which provided for the exemption from prosecution under the Combines Investigation Act or section 498 of the criminal code, of an industry which because of its monopolistic character should be regulated and controlled as the public interest would not be safeguarded by restoring or enforcing competition and it was the opinion of both counsel that such a provision could not be justified under the heading of "regulation of trade and commerce," by section 91 (2) of the British North America Act, and it was not an exercise of jurisdiction under criminal law.

I may be permitted to quote the opinion of Mr. Tilley, dated May 15, 1935, in this regard, in which he says:

> This section (15) seems to be bad. It purports to authorize the commission to exempt an industry from the criminal provisions respecting combines of the Combines Investigation Act, and of the criminal code, because of the monopolistic character of the industry or the nature or dimensions of any of its operations....
>
> The dominion has been considered authorized to deal with combines under the power of criminal law and also under its power over patents and customs. Otherwise, as a previous decision showed, the dominion had nothing to do with the matter. This is clearly not criminal legislation. It is regulatory legislation and on that account seems to be bad.

Undoubtedly the learned counsel had in mind the board of commerce case decided by the privy council in 1921 and cited as the Attorney General for Canada versus the Attorney General for Alberta and others to be found in 1922 Appeal Cases, page 1. It will be recalled that in 1919 parliament enacted two statutes called the Board of Commerce Act and the Combines and Fair Prices Act, to be read and construed together, under which it was proposed by the board to issue an order prohibiting retail clothing dealers from making unfair profits. The authority of the board was challenged and the Supreme Court of Canada was asked to decide two questions. First, whether the board of commerce had lawful authority to make such an order and, second, if so, whether they had lawful authority to require the Supreme Court of Ontario to make it a rule of court. The Supreme Court of Canada was equally divided in opinion and special leave was granted to appeal to the privy council. The privy council held that the first question must be answered in the negative, that is to the effect that the board had no lawful authority to make an order prohibiting retail clothing dealers from making unfair profits. As a consequence the second question did not arise. The privy council decided that the legislation setting up a board of commerce with power to make such an order was, in the absence of exceptional circumstances, imperilling the peace, order and good government of the dominion beyond the powers conferred on the dominion parliament by section 91 of the British North America Act.

It may be of interest to hon. members who are of the legal profession to study this judg-

ment which was delivered on behalf of their lordships by Viscount Haldane. This reads:

The regulation of trade and commerce did not by itself enable interference with particular trades in which Canadians would, apart from any right of interference conferred by these words above, be free to engage in the provinces.

With reference to the criminal law he said that this power enables the dominion parliament to exercise exclusive legislative power where the subject matter is one which by its very nature belongs to the domain of dominion jurisdiction. It continues:

It is quite another thing, first to attempt to interfere with a class of subjects committed exclusively to the provincial legislatures, and then to justify this by enacting ancillary provisions designated as new phases of dominion criminal law which require a title to so interfere as basis of their application.

The third power to be exercised by the commission was to give approval to price and production agreements between the persons engaged in any industry where cut-throat competition was demoralizing the industry. This power of approval is now provided for by section 14 of the bill, which reads:

(1) In any case where the commission, after full investigation under the Combines Investigation Act, is unanimously of opinion that wasteful or demoralizing competition exists in any specific industry, and that agreements between the persons engaged in the industry to modify such competition by controlling and regulating prices or production would not result in injury to our undue restraint of trade or be detrimental to or against the interest of the public, the commission may so advise the governor in council and recomend that certain agreements be approved.

(2) The governor in council may, if of opinion that the conclusions of the commission are well founded, approve of any such agreement, and shall make regulations requiring the commission to determine from time to time whether the agreement is resulting in injury to or undue restraint of trade or is detrimental to the public interest.

(3) The commission shall require persons engaged in the industry to furnish full information relating to operations within the industry under the agreement and may at any time, of its own motion and in its absolute discretion, advise the governor in council to rescind the approval of the agreement and the governor in council may rescind the approval.

The fourth power recommended by the report related to the protection of the consumers, which was to be effected by two means: First, by the enforcement of the laws relating to weights and measures, trademarks, patents, commodity standards et cetera and, second, by improving and adding to commodity standards. Under section 20 of the bill the commission is given power to receive and investigate complaints respecting the various laws which exist for the protection of the consumer, as well as others generally described in the bill as "laws prohibiting unfair trade practices," and enumerated in section 2, subsection (h) of the bill. I would direct the attention of hon. members to the large number of statutes presently existing and in force which are named in subsection (h) of section 2. It is surprising to find that there are already so many acts on the statute books prohibiting unfair trade practices. As will be observed these include the Agricultural Pests Control Act, the Canada Grain Act, the Combines Investigation Act, the Dairy Industry Act and a long list of I think twenty-eight others including sections 404, 405, 406, 415A and 486 to 504 inclusive of the criminal code itself, as well as those other bills which are now before the house for enactment. The enumeration of these acts, including the criminal code, and of the regulations made from time to time under most if not all of them, would indicate that there is a very large body of legislation now on the statute books which has for its object presently and now existing the protection of the consumer as well as others.

It may well be that there is ground for the belief that in the past all of these laws and regulations have not been sufficiently or efficiently enforced and in order to remedy this defect, if defect there be, the bill gives authority to the governor in council under section 21 to appoint an officer to be called the director of public prosecutions and who shall be responsible for the prosecution of all these laws above enumerated, including the sections of the bill now before the house. It will be observed that under section 22 of the bill it shall be the duty of the director of public prosecutions under the superintendence of the Minister of Justice:

(a) to institute, undertake or carry on, at the instance of the Attorney General of Canada or the commission criminal proceedings for violation of any of the laws prohibiting unfair trade practices in cases which appear to be of importance or difficulty or in which special circumstances or the refusal or failure of any other person to institute, undertake or carry on such proceedings appear to render the action of such director necessary to secure the due prosecution of an offender;

(b) to give such advice or assistance to the Attorney General of any province in connection with the prosecution of offenders against laws prohibiting unfair trade practices as appears necessary to secure the prosecution of such offenders;

(c) to assist the commission in the conduct of any investigation where it is alleged or complained that an offence against any of the laws prohibiting unfair trade practices has been or is likely to be committed.

In addition to the foregoing the commission is given investigational and advisory authority in connection with commodity standards, as covered by sections 15, 16, 17, 18 and 19.

The royal commission further recommended that the dominion trade commission should have authority to regulate trade practices by means of "cease and desist" orders directed to any person engaged in industry whose conduct seemed to the commission to be unfair. This same method of mandatory regulation had been resorted to by parliament when it enacted the Board of Commerce Act, 1919, chapter 37, 1910 George V, 1919, and the Combines and Fair Prices Act, 1919, chapter 45, 1910 George V, 1919. This legislation, which was to be read together, was held to be ultra vires by the privy council in the board of commerce case above referred to in which it was held that orders issued by the board of commerce prohibiting certain retail dealers from making unfair profits was beyond the jurisdiction of the federal parliament.

The legislation setting up such a board with power to make such regulatory and mandatory orders was not clothed or made under exceptional circumstances imperilling peace, order and good government of the dominion.

In this connection Lord Haldane makes the following observations:

> The first question to be answered is whether the dominion parliament could validly enact such a law. Their lordships observe that the law is not one enacted to meet special conditions in war time. It was passed in 1919, after peace had been declared, and it is not confined to any temporary purpose, but is to continue without limit in time, and to apply throughout Canada. No doubt the initial words of section 91 of the British North America Act, 1867, confer on the parliament of Canada power to deal with subjects which concern the dominion generally, provided that they are not withheld from the powers of that parliament to legislate, by any of the express heads in section 92, untrammelled by the enumeration of special heads in section 91. In may well be that the subjects of undue combination and hoarding are matters in which the dominion has a great practical interest. In special circumstances, such as those of a great war, such an interest might conceivably become of such paramount and overriding importance as to amount to what lies outside the heads in section 92, and is not covered by them. The decision in Russell v. The Queen (7 App. Cas., 829) appears to recognize this as constitutionally possible, even in time of peace; but it is quite another matter to say that under normal circumstances general Canadian policy can justify interference, on such a scale as the statutes in controversy involve, with the property and civil rights of the inhabitants of the provinces. It is to the legislatures of the provinces that the regulation and restriction of their civil rights have in general been exclusively confined, and as to these the provincial legislatures possess quasi-sovereign authority. It can, therefore, be only under necessity in highly exceptional circumstances, such as cannot be assumed to exist in the present case, that the liberty of the inhabitants of the provinces may be restricted by the parliament of Canada, and that the dominion can intervene in the interests of Canada as a whole in questions such as the present one. For, normally, the subject matter to be dealt with in the case would be one falling within section 92. Nor do the words in section 91, "the regulation of trade and commerce," if taken by themselves, assist the present dominion contention. It may well be, if the parliament of Canada had, by reason of an altogether exceptional situation, capacity to interfere, that these words would apply so as to enable that parliament to oust the exclusive character of the provincial powers under section 92.

In this connection I may observe that in the original draft of the bill three sections were included which had to do with the question of mandatory and regulatory orders, the publication of price lists and other things of a like character.

Mr. Tilley, in his opinion submitted to the government, stated as follows:

> Sections 28, 29 and 30 are, I think, invalid. By subsection (3) of 28 a person who omits to comply with an order of the commission made under the section is guilty of an offence and liable on indictment or summary conviction to a penalty. While this provision gives section 28 the appearance of criminal law, I am of the opinion that parliament cannot under criminal law authorize a commission to declare what practices are unfair and to issue orders prohibiting the practice and then attach criminal consequences to a breach of the order. Where the matters dealt with are provincial in character, the provincial legislature can provide the sanction.

Mr. Geoffrion in his opinion of May 15 states:

> Sections 28, 29 and 30 of the bill as originally drafted also appear to me to be bad. The dominion can deal with unfair trade practices under its jurisdiction concerning criminal law but that is not what it does here. I would think that the judgment on the first combines act which is set aside would apply here.

I am not unmindful of the decision in the privy council in the Proprietary Articles Trade Association case, reported in 1931 Appeal Cases, page 210, where it was held that the legislation in question, being in its pith and substance within enumerated heads of section 91, it was not material that it affected property and civil rights in the province . . . and it further decided that it was unnecessary to discuss whether the legislation was intra vires also under section 91, head 2, "The regulation of Trade and Commerce." The difference between the Board of Commerce case and the P.A.T.A. case in substance is that, in the first case, the legislation endeavoured to make the commission of a prohibited offence which was not

in its pith and substance a crime, criminal legislation. In the latter case, according to the judgment of Lord Atkin, if the legislation in its pith and substance was criminal in character, it was intra vires.

I submit, therefore, that the government was justified in not including in the bill presently before parliament provisions for the regulation of monopoly in the sense that I have outlined or for mandatory and regulatory orders such as is contemplated by the findings of the commission to which I have referred. Counsel have unanimously advised that the commission could not be clothed with these powers.

However, amendments have been introduced in bill 73, an act to amend the criminal code, (clauses 5 and 6) to carry out the recommendation of the commission with regard to unfair trade practices in so far as this may be done. A further recommendation in this connection was that the commission might require any person to publish price lists and this too was thought to be ultra vires.

The bill now before the house, therefore, naturally divides itself into five main departments of activity, namely:

1. Administration of the Combines Investigation Act.
2. Investigation of complaints respecting unfair trade practices.
3. Supervision of commodity standards.
4. Issue of new securities.
5. Price and production agreements.

There is also the general power of investigation into unfair trade practices and provision for fair trade conferences, cooperation with boards of trade, and economic investigation, to which are attached enabling powers.

A further outstanding provision of the bill is the initiation of the office of director of public prosecutions. Hitherto in Canada we have never had such an officer but in the United Kingdom they have had a director of public prosecutions with most beneficial results to the body politic, and I commend unreservedly this provision of the bill to the house and to the country.

I have not hitherto made specific reference to the powers of the commission to investigate the capital structure of companies and the issue of new securities as recommended by the royal commission. In the Dominion Companies Act itself and in the amendments contained in the bill proposed by the hon. Secretary of State will be found provisions which, in my opinion, go a long way towards meeting the recommendations of the royal commission, and in section 26 of the bill it has been provided that the commission shall have the power, if requested by the Secretary of State, who is charged with the operation of the Companies Act, to investigate and review the capital structure of any company incorporated by or under any act of parliament proposing to issue new shares, debentures or other securities to the public. Ample provision is made for the furnishing of such information as the commission may require, and provision is further made that the commission may disapprove or reject any such issue but shall not give formal approval to an issue. These provisions, together with the provisions of the Companies Act as proposed to be amended, should go a long way to meet the recommendations of the royal commission in this regard.

I should add that on page 272 of the report the royal commission further recommended that the commission should have investigational and advisory powers upon economic questions generally. This recommendation is implemented by clause 25 of the bill. In my opinion, however, that clause requires a slight amendment by inserting in the sixth line after the words "economic council" the following words: "Established under the Economic Council of Canada Act 1935."

I am not unmindful of the fact that in its recommendations regarding the problem of state control, the royal commission recommended the establishment of a distinct trade and industry commission with a structure consisting of five members appointed by the governor in council as a semi-autonomous board under the president of the privy council, and with a status both in its authority and in its relation to the responsible minister and parliament, to be similar to that of the board of railway commissioners with administrative, advisory and investigatory functions.

The structure of the commission set up under this act frankly does not carry out the terms of that recommendation but on the contrary constitutes a commission consisting of three commissioners, the members of which shall be the members for the time being of the tariff board as established pursuant to the Tariff Board Act, chapter 55, 1931, who shall by virtue of holding office as members of the said board and by virtue of the bill be the commissioners under this bill.

Objection may be taken to this method of constituting a dominion trade and industry commission, but I assure the house and the country that the government has given the most careful consideration to this aspect of the matter, and has arrived at the conclusion that if the functions of a dominion trade and industry commission can be efficiently carried on by a presently existing board, it is in the

public interest that this should be done. I have taken measures to satisfy myself that the tariff board as presently constituted, or as it may be constituted hereafter by an enlargment of its personnel, is fully capable of performing the functions imposed upon it by the terms of this bill.

The whole matter is one of modus operandi, not of substance, and the method adopted should not be condemned because this provision of the royal commission report has not been translated into legislation. The tariff board, as presently constituted, is without question an efficient body and has performed most useful service to the people of Canada. If it is accepted as the dominion trade and industry commission the board will function efficiently and competently, and there will be the additional advantage of a saving to the public treasury of a large expenditure which would be necessary if a new and distinct board were to be set up. The dominion trade and industry commission will function as a separate branch of the tariff board, with its own officers and secretariat. It may be necessary in the course of time to increase the personnel of the tariff board for this purpose, but at this juncture it is not thought that we should set up in this country another new and expensive commission of the character indicated by the report.

I commend the bill to the best consideration of the house, and will welcome constructive suggestions with respect to the substantive clauses thereof, always assuming that such suggestions are consonant with the legislative jurisdiction of this parliament.

Hon. H. H. STEVENS (East Kootenay): Before the bill is read the second time I should like to make a few observations. This bill is one of several offered to parliament with the declaration that it gives effect in an adequate manner to the proposals and recommendations of the price spreads and mass buying commission's report. It might be interesting at this point to indicate to the house a number of bills which purport to participate in the discharge of that duty. There were several bills based upon the peace treaty; No. 21 for the eight hour day, No. 22 for the weekly day of rest, No. 40 to provide for minimum wages—not directly associated with the price spreads commission report but indirectly related to the problems which were exposed during that inquiry—and the bill to establish an economic council. That bill and the unemployment and social insurance bill may be said to contribute in some measure towards the discharge of that obligation although not directly associated with the report. Other bills, however, which I think may be said to arise out of the report are as follows. Bill No. 70, to amend the Weights and Measures Act, regarding which I have nothing to say except that it does, I think, add to the efficiency of that act; Bill No. 72, to amend the Live Stock and Live Stock Products Act, which I shall not discuss at this time other than to say that in my opinion it does not in any sense carry out the suggestions of the report—

Mr. GARLAND (Bow River): Hear hear.

Mr. STEVENS: —or in any adequate way give that measure of correction of the abuses and faults which were found to exist in connection with the marketing of live stock and live stock products. Bill No. 73, to amend the criminal code was debated yesterday and is still before the committee of the house. As I pointed out last night it was declared on at least two occasions by the Minister of Justice to be in some of its clauses at least of very doubtful value. I should think a measure launched in that spirit would not inspire very much fear in the hearts—I think they have not hearts, but in the minds of those who were most guilty of violation of the ordinary ethics of business as employers. In addition to that the leading legal advisers and spokesmen of the opposition declared that it was so trivial that the house should not waste any more time considering it. That was not my own opinion, that was the opinion expressed by eminent legal authorities on both sides of the house. So one cannot take very much comfort out of the amendments of the criminal code. I made certain suggestions last night to the Minister of Justice (Mr. Guthrie), and I hope that when the matter is again taken up these clauses may be amended so as to make them more effective and perhaps contribute somewhat to the discharge of the obligation to which I have referred. Then there is Bill No. 75, respecting fair wages and hours of labour in relation to public works and contracts. That is quite commendable, and is simply placing in statutory form matters which in the past were supposed to be done by governments, this government and preceding governments, and I think this bill should be welcomed by the house and the country as at least a clearing up or making obligatory by statute of practices that ought to be carried out in any case. Bill No. 79 to amend the Combines Investigation Act simply brings the administration of that act under the trade and industry commission. It

does one or two other things as well, and to that extent I think should be commended. Then there is a bill to amend the Companies Act which has not yet been considered, which has to do with corporate structure, capitalization, prospectuses and so forth.

Then we have this bill, to establish a trade and industry commission. For the last couple of months I have been waiting patiently, I have scanned with great care the bills which up to the present time have been introduced, with the hope that the recommendations in the report of the price spreads commission would be put into such legislative form that we might expect effective remedies for the evils so completely demonstrated in the report. This bill now before the house I looked for with a great deal of hope and confidence, expecting that it would contain such provisions as would adequately take care of the case. It is a matter for regret to me and an extremely distasteful duty to have to say that I am deeply disappointed with the bill. I had hoped for much more from it, perhaps I had hoped for too much; but I am very much disappointed. I shall try in the limited time at my disposal to indicate the reasons for that disappointment, and perhaps suggest where I think the bill might yet be made more effective, in the hope that these suggestions may be received by the government with some measure of interest and consideration.

My hon. friend the Minister of Trade and Commerce referred to one or two matters with which I should like to deal before I proceed with the remarks which I have prepared for this occasion. My hon. friend cites the decision of Lord Haldane. Now I know that those who are of the legal profession rather resent a layman examining or offering opinions about decisions of the privy council or other courts. I do not do so with any desire to assert my authority, because I have none. Hon. gentlemen in this house constantly cite the decision of Lord Haldane on the Board of Commerce Act and its twin act as if it were the last word that can be said on the subject. But it will be noted from the very quotations made by the Minister of Trade and Commerce, who is a very able lawyer, that he pointed out that Lord Haldane said that the dominion government was exceeding its jurisdiction when it interfered with the practice of individual retail traders.

The report of the commission, Mr. Speaker, and the argument that some of us are making, is not that we should interfere with the activities of an individual citizen or trader but that we should set up machinery that will formulate rules to govern trade and commerce as a whole in this country. We are seeking to lay a foundation that will build up rules of practice which all industry will respect.

Mr. KENNEDY (Winnipeg): In the public interest.

Mr. STEVENS: And in the public interest. I shall come to a more detailed argument on that in a moment. We are not therefore, going contrary to what Lord Haldane cited in that instance; on the contrary we want to establish rules of practice for all. Then my hon. friend cited the decision of the privy council under Lord Atkin in 1931 or 1932, and if he will not think me impertinent I should like to correct his interpretation of that decision. My hon. friend suggested that the decision of the privy council under Lord Atkin was to this effect, that you could not declare a thing a crime that was not in its nature a crime. My hon. friend will correct me if I am wrong in my interpretation of his words. Let me read what Lord Atkin said, because I think if we are going to stand on legal precedents at least we should take the latest precedent. Let us see what Lord Atkin said:

> The criminal quality of an act cannot be discerned by intuition; nor can it be discovered by reference to any standard but one: Is the act prohibited with penal consequences? Morality and criminality are far from coextensive; nor is the sphere of criminality necessarily part of a more extensive field covered by morality—unless the moral code necessarily disproves all acts prohibited by the state, in which case the argument moves in a circle. It appears to their lordships to be of little value to seek to confine crimes to the category of acts which by their very nature belong to the domain of "criminal jurisprudence"—

May I emphasize those words:

> It appears to their lordships to be of little value to seek to confine crimes to the category of acts which by their very nature belong to the domain of "criminal jurisprudence"—

That is precisely the reverse of what seems to have been accepted as his decision.

> —for the domain of criminal jurisprudence can only be ascertained by examining what acts at any particular period are declared by the state to be crimes, and the only common nature they will be found to possess is that they are prohibited by the state and that those who commit them are punished.

Let me pause there; any act prohibited by the state for which there are penal consequences is a crime. So Lord Atkin has said. That is not my opinion; that is the opinion of their lordships of the privy council.

> Their lordships agree with the view expressed in the judgment of Newcombe, J., that the

passage in the judgment of the board in the Board of Commerce case, to which allusion has been made, was not intended as a definition.

There, sir, I have cited Lord Atkin. I am not presuming, in the face of men in this house learned in the law, to argue the pro or con of the legality of things, but I do think we have come to a position in this House of Commons where we have a right to make some sort of effort to legislate in the interests of the great masses of the people. And I say that in spite of the fact that one person has described me as an individual running amok. I say that, sir, because I know that the people of this country are looking to this house to bring about some measure of relief from the evils which are present with us.

I am not going to argue that point further, but I should like to point out this: In days gone by in this country there were laws regarding crime, just as there are to-day, but there was something else. There were standards of ethics; there were customs and practices in business which were recognized by and large as very largely controlling men in connection with their affairs. Do not let us forget that there was a much larger code of ethics than there was of laws. I would be doing business with another man; certain practices, customs and ethics governed me. That was all right so long as we had individuals in business, but what has happened? Let us face the fact. A complete change has come over the western world in the method of doing business. The old relationship of myself with hon. gentlemen opposite or individuals here and there has largely disappeared, and what do the business men find to-day? I will ask any business man in any part of this house; he can answer for himself as to what he finds to-day. You meet some individual in connection with some business transaction; it may be the sale of goods, it may be in connection with a building contract or anything you like, and what do you find? Usually you find that you are dealing with some official of a large corporation and, as our report shows, that has extended not to a few great industries or utilities but to every branch of human activity. The corner grocery has largely passed out of the hands of the individual into the hands of great international corporations. The five cent article that a shop girl will buy to put in her ear is now associated with corporations worth scores and, indeed, hundreds of millions of dollars. You go into a dry goods store to buy a suit of clothes and you are dealing with a corporation that has its tentacles spread over 171 different units, doing business all over the country, with a capital structure of $30,0000,000 or $40,000,000.

So, Mr. Speaker, we have a different method of orientation of business to-day, and I think it behooves parliament to face the common facts. This has been an evolution, a growth. I am not complaining; I am not condemning parliament or anyone associated with the past government of this country for not having advanced quite as rapidly as this development, because it was not perhaps realized or seen. Yet the report shows, as anyone who desires to read it will find, that many of the abuses to which we have directed attention have existed for quite a number of years. It is only during the last few years—particularly during the depression, it is true, because that accentuated the burden or the suffering—that it has developed that certain abuses have crept in due to this condition to which I have referred. The report describes that as due to the concentration and the control of credit and industry, and I should like to spend a few moments to impress upon the minds of hon. members the fact that concentration is with us, and the degree to which that concentration has developed. First let me refer to the report, from which I should like to read one or two brief extracts. I quote from page 13:

> The evidence ... has shown that a few great corporations are predominant in the industries that have been investigated; also that this power, all the more dangerous because it is impersonal—

I should like the house to note those words.

> —all the more dangerous because it is impersonal, can be wielded in such a way that competition within the industry is blocked, the welfare of the producer disregarded, and the interests of the investor ignored.

Then there is another point to which I shall now direct the attention of the house. In the years 1900 to 1933 there occurred in Canada 374 mergers, or, as it has been called by economic experts, consolidations, involving 1,145 firms. I am going to draw attention to a phenomenon which I think should be given close consideration and study. Of these 374 mergers or consolidations 246 occurred between the years 1924 and 1930, and 128 in the remaining 27 years. It will be noted that 1924 and the years subsequent to 1924 followed the passing of the Combines Investigation Act. I ask hon. members, Mr. Speaker, to give consideration to this point, because I am arguing at this time not to

indicate that the Combines Investigation Act is responsible for the merger but to prove that in spite of the Combines Investigation Act the natural growth or evolution of business control and concentration went on and resulted in 246 consolidations. What does that mean? It means this that the Combines Investigation Act, while an admirable measure —and I wish to say at once that I stand for its continuance, but urge that it be placed under an effective board; I urge its continuance for the value that is inherent in it—it means that this Combines Investigation Act is not sufficient to control the situation. That has been demonstrated. It does not as a matter of fact to any extent deal with the situation which has arisen. This is an economic phenomenon outside the vision of the framers of this act, and calling for distinctive treatment by parliament.

Let us look at credit concentration. I shall give only a few illustrations, and since the time at my disposal is short I shall give them quickly. I should like to say to the house that in citing these facts I am not for one moment discussing the question whether the condition is good or bad; I am simply trying to indicate that what I describe is a factor in the economic life of Canada which we must face and with which we must deal. Four of the largest trust companies, three of the largest mortgage companies and six of the largest insurance companies have combined assets of $3,149,000,000, or seventy-five per cent of the assets of all such institutions doing business in Canada. Does that not indicate, sir, a growing concentration in Canada of capital control, of wealth control, of credit control? Then, turning to retail business I find that two concerns control 12·9 per cent, practically 13 per cent, of all the retail business in Canada. Probably 50,000 other concerns, or thereabouts, do the remainder of the business. There is good evidence of the development of powerful institutions within the activities of certain lines of business commerce and finance in Canada.

As was indicated last night by a speaker from the opposite side of the house I find that in the packing industry one concern controls 59 per cent of the business, two together controlling 85 per cent. There again, sir, you have a great concentration of power and control, and we have—how many?—we have 700,000 farmers who must do business under the shadow of that control. For the moment we are not interested in whether this is a good or a bad condition—although in fact we are deeply interested in it—but at this time we turn our attention to the terrific concentration of powerful control in certain lines of goods, on the one hand, as against the unorganized and diversified efforts of 700,000 farmers. Because, Mr. Speaker, nearly every one of those farmers is in greater or lesser degree interested in the meat packing business.

Let us now turn to agricultural implements. In this industry two concerns control 63 per cent of Canadian business—two concerns only. And without going into that in detail we know that the policy of those concerns—and again without debating whether or not it is good or bad business—has been one of expansion. They developed a condition under which there was a terrific overhead. Who bore that overhead? The farmer did. The purchaser of the implements had to bear it. You say, "Well, that must be, because the overhead must be considered." Well, if your sales drop from $50,000,000 down to $10,000,000 obviously the unit of overhead is multiplied tremendously; but the farmer pays it all. Is it any wonder that the producer is asking for some measure of relief, is urging that this new orientation of business should be looked at by parliament and some steps taken to protect him against unfair exploitation?

Let us turn to the textile industry. In that there are two great concerns, each of which has one subsidiary. Between them they control 79 per cent of the business in their line. And so one might go on; I have a number of others which I shall not enumerate. These must serve to indicate, however, that the concentration in the control of industry has been going on apace, and what is of still greater significance so has the concentration of the control of credit.

At this point may I say a word or two about interlocking directorates and individual control. Sir, I could spend at least an hour demonstrating to this chamber a situation which is amazing, if not appalling. Again I say it is not a question whether or not these men to whom I refer are good or bad citizens. It is the terrific responsibility that they have assumed by acquiring control of such a large proportion of the business of Canada with which I am now dealing. The significant point is that it constitutes in my opinion a drastic, if not a revolutionary, change in our business methods. I have before me two or three examples which I should like to read hurriedly to the house, and which I have worked out carefully.

I stated on another occasion, and I have the figures before me, that some twelve individuals by their position in the financial world control $9,800,000,000 of wealth in the

form of company assets. These twelve individuals hold twenty-three presidencies, twelve vice-presidencies, three chairman-of-board-of-directorships, and forty-seven directorships. That is terrific control. As a matter of fact some individuals hold presidencies or the absolute control of companies to the number of eight, ten or twelve companies, any one of which would be sufficient to tax the energy and intelligence of a very able man. Yet they sit in control of these companies. No person could argue, as some attempt to do, "Oh well, they are only one on the boards of directors." I shall show you in a moment how boards of directors interlock. But that is not the point. Any person who knows, as I know, must realize that when these individuals walk into a board room they dominate the situation. One has but to glance back over the list to realize that in this instance the old saying would hold true, "Where McGregor sits is the head of the table." Where these men sit at meetings of boards of directors is the head of the table. Their policy, their direction and their control is almost if not wholly absolute.

Here is one illustration. One man is president of a chartered bank, which I shall call A, and a trust company which I shall call B. The assets of these two institutions are in the one instance $768,000,000 and in the other $657,000,000, in round figures, or a total of $1,425,000,000. One man is chairman of both boards. Analyzing these two institutions further we find that bank A has a board of directors of eighteen members who hold a total of 189 directorships, and trust company B has a board of twenty-five members holding 222 directorships. Taking the two institutions combined we find that out of a total of forty-three directors, eighteen in the bank and twenty-five in the trust company, only twenty-nine persons hold the directorships of these two companies. In other words fourteen are on both concerns. Still taking the two together these twenty-nine men who hold forty-three directorships on these two concerns, a big bank and a big trust company, also hold 248 directorships in other companies. Can it be said that there is no evidence of concentration?

Take another case, bank C and trust company D. These two have assets of $729,000,000 and $825,000,000 respectively, or combined assets of $1,555,000,000. The same person is president of both institutions, with another man vice president of both. These two men out of a list of twelve are members of both boards of directors. Taking them separately we find that 25 directors of the trust company hold between them 261 directorships in other companies while 25 directors of bank C hold 252 directorships between them. Taking them together we find that 50 directorships of these two institutions are held by 38 men, 12 out of 35 on the trust company are also with the board of directors of the bank. Again, these 38 men who hold 50 directorships on the bank and on the trust company hold 346 directorships in other companies.

I will now take a life insurance company. We will call it E. It has a directorate of 17 members who hold a total of 156 directorships in other companies. The important point in this is that of 17 directors 10 of them hold 16 directorships in the four institutions above referred to, bank A, trust company B, bank C and trust company D, with six of them holding two apiece and four holding one apiece.

I am not going to pursue that further than to say this. I advance that as a very meagre illustration of the extent to which the concentration of the control of credit and industry in this country has grown. I notice that my time is slipping by and I must not spend too much on that phase except to say to the house that it would bear most careful and critical examination. I would ask hon. members before these bills are finally passed to give study to that section of the report dealing with this question of concentration. Incidentally, Mr. Speaker, I have just been told that I am not limited as to time, although I thought I was.

In regard to the trend towards concentration, it is much greater than it would appear on the surface, and the reason I say that is this: Many distinctive corporate names are used whereas the institutions or the personnel of the institutions are actually much the same. Then there is the question of interlocking directorates, to which I have referred, and there is another question of enormous importance, the question of credit control. There are industries the president or some prominent member of which sits upon the directorate of a bank, and it is well known that those who have that favoured position frequently get much better and more generous treatment in respect to the credit granted to their company than those who have not that favoured position.

Then there is the question of stock ownership scattered all over the country, with management control of the business, which is also another form of concentration.

There is also the practice of dummy directors. Frequently a powerful institution will appoint to the board of directors a person who is just a clerk or salaried employee, but he is

merely a clerk voicing the opinion and discharging the orders of those who are more powerful but who do not wish their names to appear.

There is the question of motive, which is very well dealt with in the report. The motives may be said to be two: power, profit and prestige is one of the motives impelling men to secure a larger degree of concentration. There is also, of course, the motive of production and administrative economies and reduction in costs.

Constitutionally, politically, and nominally, Canada is a democracy, but actually Canada is ruled by a plutocratic autocracy. I know there are those who will consider that an extreme statement, but I think it is necessary for the House of Commons to look the facts squarely in the face. It is not a thing to laugh about. It is something, sir, that we in this house, the last fortress I might say of democracy, ought to take into very careful consideration, because if parliament fails in its duty to a democratic state then I hesitate to say what may be the consequence of its failure to discharge such a duty. This house must take notice of these developments.

What I am asking for is not the surrender of the constitutional rights of provinces, municipalities, or individuals; I am not asking for that at all. What I am asking is that this house recognize its duty to the country, to a democratic state, and exercise its powers to the limits of its constitutional rights; and I think we can do much within our constitutional rights to remedy evils of which complaint is made.

Sir, it has been said by some: Leave the problem to be worked out in the courts. That argument is frequently advanced, but in my opinion it is futile and weak. Private citizens cannot possibly appeal to the courts against great corporations. It cannot be done, and it will not be done. Let me give you an illustration, Mr. Speaker. Only a few days ago there was brought to my attention a violation of the criminal code provisions against false advertising. There was no particular need for anybody to write to me about it that I know of, but they did; for it was open to these individuals to go to the nearest police court and swear out an information, and in that way redress through the courts was available. That is in the law and has been there for years. But what individual, what business man is there among the members of this house who on seeing a glaringly false advertisement in the press to-morrow morning will go out and swear an information against his competitor in his own town? It simply is not done; that is all. It is no use saying that it is the duty of a citizen to do it. I do not think it is his duty. It is the duty of some public official to see that the laws are administered.

But that is not all. What happens to the individual, to the small merchant with limited resources, who goes up against an institution with forty or twenty or fifteen or ten or five million dollars behind it? What earthly chance has he in the courts against a big institution like that? I care not how just the courts are; I care not how impartially justice is administered, as I believe it is administered by the courts; but what chance, I ask, has the individual or the small merchant when he attempts to carry on his competitive business against these powerful corporations? I had in my hands this morning a letter from a prominent business man in Toronto marked "strictly confidential" and "private," and in the body of the letter he said, "Mr. Stevens, do not under any circumstances disclose what I have written." Then he went on to give me all the facts of a case. But what can I do; what can any public man do in a case like that? He can do nothing. The only people who can do anything in the matter would be a properly organized government body. I agree with the proposal of the Minister of Trade and Commerce in this bill to set up a public prosecutor or official who will be in charge of prosecutions. Let me point out the situation to the minister. My hon. friend very properly says that the governor in council may appoint an officer to be called the director of public prosecutions. That is a very high sounding name and would seem to be all right, but let us see what his powers are to be. Section 22 reads:

> It shall be the duty of the director of public prosecutions under the superintendence of the Minister of Justice—

These things can be done to-morrow under the superintendence of the Minister of Justice (Mr. Guthrie) without the appointment of any new official. The Minister of Justice can retain a lawyer in any part of Canada, as he does every day, to prosecute under any existing law. He can do this directly through the officers of his department or he can retain an official to prosecute. The section continues to state what he is to do, as follows:

> (a) to institute, undertake or carry on, at the instance of the Attorney General of Canada—

First he is under the superintendence of the Minister of Justice and then he carries on at

the instance of the Attorney General of Canada, who is the Minister of Justice. The section continues:

—or the commission criminal proceedings for violation of any of the laws prohibiting unfair trade practices.

What were we told yesterday by the Minister of Justice and by the eminent legal authority on the other side of the house? We were told that it is impossible to make a law to deal with unfair trade practices. From the other side of the house we were told that it is so much eyewash and from this side we were told that it is doubtful. This prosecutor is to institute proceedings for violation of any laws prohibiting unfair trade practices. What I want to impress upon the Minister of Justice and the members of the government is that we should provide in this bill for a board to declare what are unfair trade practices. There is no definition of unfair trade practices. When members of the legal profession are asked to enumerate in legal form what are unfair trade practices, all of them will draw away from the task of making that definition and some of them will tell you that it cannot be done. Let us see what the report has to say in that respect. I quoted from the report last night but I shall repeat the quotation. I ask hon. members of the house and the government to listen to this part of the report which along with the other parts is the product of careful thought with respect to all these problems. It reads:

We feel, further, that it would be unwise to attempt to write at present into statute law a rigid definition of what constitutes an unfair practice, with a list of such practices. Such a list, if appropriate at the present time, would probably soon be rendered obsolete by changing conditions. At the same time we recommend that the act creating the trade commission and giving it power to prohibit unfair competition should establish certain principles for the determination of unfairness. We recognize that there is a very real danger of confusing the economic, legal and ethical implications of "unfairness" and we feel that this danger might be removed to some extent if certain general criteria were laid down in the act.

Will hon. members and particularly hon. members of the government pause for a moment and consider this matter. It is clearly admitted in the report, and as a result of our study we know, that it is almost impossible to lay down in legal phraseology what are unfair trade practices. Through the centuries we have built up, shall I say, a code of ethics to govern the dealings between man and man, but in the face of the reorientation of business, in the face of the concentration of the control of industry and finance in the hands of the few, we are confronted with a new situation. There is no code of ethics to determine the practice between myself and a great corporation. It may determine what is the truth and what is fair dealing between an individual in a corporation and myself, but that individual will say to me: I am sorry, Stevens; I would not do this of my own will, but the company whose head office is in New York, in Chicago, in Philadelphia, in Toronto or in Montreal tells me that I must do this. He is sorry, but who suffers? I suffer or the fellow who is not able to cope with them suffers. The rigid rule is: business is business. That is the rule laid down by the head offices of corporations at some distant point. This fact can no longer be ignored. It is all very well to say that the game will be played according to the rules, but how can you apply rules to a packing company which controls fifty-nine per cent of the business and which shuts up a factory here and a factory there? Will the rules apply to their dealings with ten, one hundred or three hundred farmers throughout the country? What rules have we to protect these farmers? None. What code of ethics controls the actions of the company? He is a fine man who runs the business, his relations are cordial with his staff, but when it comes to dealing on the part of the corporation with ten, twenty, fifty or one hundred other people, there is no code of ethics to enter into the proposition. What about the flour milling companies, which control sixty-three per cent of the capacity of this country; what about their relations with the three hundred and fifty odd small competitors? What does the head of the Ogilvie Flour Mills Limited care for the welfare of the three hundred and fifty small competitors in Ontario and Quebec? I tell you that there is no code of ethics, there is no control, there are no rules of the game. It is not a case of the survival of the fittest, as some have said; it is not the application of the law of supply and demand, it is the ruthless power of huge capital concentration against individual operations.

There is some need of a referee. There is some need of new rules of the game. We hear about business being conducted as a game of football or baseball is played, but that is not the case. We need a referee with the power behind him to enforce the rules. That is what is asked for in this report, that the house take hold of this situation earnestly and give the commission the right to lay

down rules of practice which will be respected, honoured and accepted by the people of this country. I am familiar with this matter and I speak with a great deal of confidence when I say that the great body of business men, the retailers, the wholesalers, the distributors and the manufacturers, are keen and anxious to have rules laid down and are willing to observe those rules. We have laws against murder, but we have murderers. We have laws against theft, but we have thieves. We have a constitutional right to pass laws against these things but we cannot control them absolutely. There will be the chisellers who will seek to evade these rules, but with the building up of practice, with the development of public opinion and with the establishment of the justice of your case you will gradually build up for commerce a set of rules and ethics of procedure which in my opinion will be more efficacious in carrying on the business of this country than mere statute law. I say to this house with great earnestness that this country is waiting for the House of Commons to lay down rules which will relieve countless thousands of our citizens from the unfair and predatory practices to which they have been subjected in the past.

Before closing I wish to refer to one or two things in connection with this bill. There is a certain inherent and in my opinion fatal weakness in the bill. I hope that the Minister of Trade and Commerce will not think me discourteous when I say that while I agree with him when he says that the tariff board is well qualified and efficient, I distinctly and definitely disagree with him in the suggestion that it is competent from the point of view of physical and mental effort and the time necessary to deal with this very important matter. I do not think it can be done. We have a customs tariff board presided over by one of the ablest judicial minds in Canada; so far as that is concerned no one can complain. Indeed, I think that the chairman of the board has added greatly to his laurels by the manner in which he has presided over its proceedings. But I venture this statement, that he has before him now specific duties outlined which will keep him and his colleagues busy for at least a year. I can cite matters that are crying out for consideration by that board, matters that will occupy them another year. Let me mention one. That board ought now, at the earliest possible moment, in anticipation of the falling in of the British-Canadian trade agreements, to be studying the whole textile schedule of our tariff. They ought to be studying this subject, and they ought to provide the government, long before those agreements fall in, with some guiding principles that will enable them to remove from the Canadian tariff those measures which are objectionable to our British trade relations. It does not follow that a statement of that kind is a condemnation of the agreements, but it does follow that out of our experience with those agreements there is ample opportunty for adjustment, which will greatly enhance our standing in Great Britain. That is a task they can undertake. I suggest that when it is said that the tariff board are efficient and qualified you do them tardy justice; but I reiterate that they are not competent from the standpoint of time and organization to undertake this task, which is a tremendously important one.

We speak of the difficulty of prohibiting unfair practices. I have dealt with them pretty fully. It is not a question of drafting some narrow legal definitions of unfair practices and penalizing people for indulging in them. Rather, it is a question of building up a broad based catalogue of rules and practices that should govern commerce. Do that, and in the years to come you will attain a position similar to that which the interstate commerce commission has established for itself. On the other hand, I am not suggesting that it should be confined to what is in the interstate commerce act or in the American federal trade board act—not at all. I do say this however. Take a board established on the basis of the Canadian railway board, which acts as referee between the public and the railways—a board which in this instance shall act as referee between competitors in conflicting conditions, and between the business elements and the public—and you will have done the country a service. Can we not draft a law based upon the unity of Canada, upon peace, order and good government in Canada, and upon the provision for the regulation of trade and commerce? Do you mean to tell me, sir, an ordinary layman, that there are not legal brains in this house competent to draft a law within the ambit of these three principles to deal with the matter? Let me refer to them—I did last night. The preamble to the British North America Act lays down, as the principle on which the provinces came together, the unity of Canada. If you have a minimum wage law here and a minimum wage law there, and practices in one province that conflict with practices in another, to the extent that dis-

cord develops between provinces, surely it becomes necessary, it becomes the duty of parliament in the face of that situation to declare that in the interests of the unity of Canada, which is the basis of confederation, thus and so shall be done. Then I come to the next point, peace, order and good government. Will anyone tell me that the practices which have been uncovered, the pitiful wages paid, due to mass buying pressure, and the ruthless action of many institutions in this country in carrying out their trade practices have not been conducive to the destruction of peace, order and good government in this dominion? Will anyone tell me that this country is so quiet to-day that we need have no fear? I pay this tribute to the people of Canada; it has been amazing during these terrible years of depression how well ordered the Canadian people have been, and this is due to their inherent characteristics. But it does not follow that there has not been provocation; the provocation is there. Here we are asking for recognition of the danger to the peace, order and good government of Canada and to have this power invoked as well. The third point is one I have already referred to; it is one to which I notice the Minister of Trade and Commerce and others pay very little respect or, shall I say, attach little weight, namely, the mandatory power for the regulation of trade and commerce. It is exclusive; it is unrestricted as far as the British North America Act is concerned. But, as I have said in this house on at least two previous occasions, the trouble is that the dominion parliament has never attempted to occupy that federal field. Look over the history of the dominion for the last fifty or sixty years; we have done something with respect to external trade, but so far as internal trade goes, what have we done? Mighty little. And now we find ourselves confronted with an entirely new method of trading, different from what it was twenty years ago, something never thought of before; yet we are unprepared to meet it by reason of the fact that no use has ever been made of the power conferred upon the dominion parliament. Let us invoke that power. Based on these principles—the unity of Canada; peace, order and good government in this realm; the regulation of trade and commerce and the recognition of undisputed rights—based upon these principles, I ask that the house give power to this commission to formulate rules and practices, to define what unfair practices are, and to enforce the order to cease and desist. I am convinced, in spite of the very learned arguments made by legal gentlemen in this house, that, given the will to do it, this parliament can effectively meet this great emergency, because it is an emergency, which is confronting us in this country and which is so clearly set forth in the pages of this report.

Mr. SAMUEL FACTOR (Toronto West Centre): As a former member of the price spreads commission I feel it is my duty to say a few words concerning the proposed bill.

I followed with much interest the speech of the hon. member for East Kootenay (Mr. Stevens) and with much of what he said I am in complete agreement, particularly in reference to the concentration in industry. I often wonder, though, and I have had occasion to hear the hon. member a number of times, why he omits in all these addresses to emphasize the fundamental thing concerning the disclosures made in that investigation and the problems raised. I think we can agree that there is no single cause responsible for the distress both of the primary producers and the working people of Canada so great as the loss of our external trade. I have never yet heard the hon. member discuss that problem. I venture to suggest that if all the corporations and the present concentration of industry were disbanded and dissolved and all their wealth distributed among all the people it would not increase our total national wealth. If our external trade remains at its present low level or sinks to lower levels, nothing will help our primary producers and the working people of Canada. It seems strange that in all the speeches I have heard the hon. member deliver he does not recognize this problem. I suppose he does not because he was for a number of years a member of a government which pursued policies which destroyed our trade with the countries of the world.

Some hon. MEMBERS: Oh, oh.

Mr. FACTOR: Hon. members perhaps do not like to hear that statement, but the facts speak for themselves. I venture to suggest that if we had continued for the last five years on the same level of trade that we had in 1928 and 1929, we should have had approximately five billion dollars more trade than we had, and one can easily see the effect of that on the prosperity of our primary producers as well as our secondary industries. Hon. members can well realize that with the

loss of our external trade the purchasing power of the primary producers was destroyed, as pointed out by the hon. member for Weyburn (Mr. Young) in his minority report, to the extent of almost one billion dollars between 1928 and 1934. This loss of purchasing power was immediately felt by the secondary industries, with the inevitable result of unemployment, under-employment and shocking conditions in employment.

May I also make a second general observation before I follow the argument of the hon. member. This investigation has been called a mass buying investigation, but may I suggest that in some of the shocking conditions of labour that were disclosed therein mass buying played no part at all. I propose to show in a few minutes some of the conditions both of low wages and long hours in industry in which mass buying played no part. I am not prepared to say that mass buying has not developed and in the last five years induced some evils and trade abuses, on the contrary I propose to show that it has, and perhaps we need legislation to remedy those evils. But to blame mass buying or mass merchandising for some of the shocking conditions of the working people or the pitiable plight of the primary producer is putting the cart before the horse.

Beyond these general observations I must agree with certain statements made by the former Minister of Trade and Commerce. Undoubtedly the concentration of industry has been responsible more than anything else for some of the conditions disclosed by the investigation, and for the exploitation, using the word in its economic sense, of weak and unorganized groups, both producers and workers. Let me illustrate the point with one or two examples. Take the tobacco industry. In that industry one company controls seventy per cent of the business of Canada. The hon. member referred to the meat packing industry in which two companies control eighty-five per cent of the business in Canada. In the fruit and vegetable canning industry two companies control, or endeavour to control almost eighty per cent of the business. And so on down the line, even in industries which have not been investigated by the commission, pulp and paper, cement, rubber, rubber footwear, electrical appliances and many others. There has been this concentration of industry in which one or two companies control the production and sometimes the distribution of perhaps seventy to eighty per cent of the commodities, or by acting in unison with other companies or by some arrangement manage to get control of particular commodities. The result of this concentration in industry has been the creation of mergers and monopolies having great power, which power they have used to the detriment of both the primary producer and the working people.

Let me go a step further and endeavour in a few words to show how these huge corporations through their corporate powers succeeded not only in causing great wrong to society by taking millions of dollars from the innocent investing public, but built up huge financial structures with a rigid overhead, which, when the depression came and business fell away they were unable to maintain except by taking it out of the primary producer and the working people. I have no quarrel with the investment dealer and the promoter, I believe they occupy a legitimate place in the economic scheme, but the unscrupulous promoter, and the incapable or dishonest investment dealer have created the situation through which in the last ten to twenty years the public has lost millions of dollars. This concentration in industry and misuse of corporate powers has resulted in the establishment either of monopolies or monopolistic competition. There is no use blaming anything else. If we succeed in removing these monopolies from our national economy we shall have solved a great many of the problems that are facing us.

Let us glance for a moment at the other side of the picture. I am not going to discuss the condition of our primary producers, I leave that for members of the commission who can speak with greater authority, but I should like to say a few words concerning the shocking conditions of labour that were shown to prevail. For a young country endowed with great natural resources it came to me as a distinct shock to learn of some of the labour conditions that exist; low wages, long hours, deliberate flagrant violation of the present inadequate minimum wage laws and factory inspection laws and generally speaking a grinding and oppressive condition in industry which is a disgrace to a civilized country. We have a labour chapter written in this report of which I, as a Canadian, am not proud. We have got to realize what has been so amply demonstrated, particularly by my distinguished leader, that industry has two arms. There is the capitalist investor and the labour investor. The capitalist investor invests money with which to buy plant, machinery and equipment, materials and the like. The labour investor, on the other hand, invests his health, his energy and sometimes his very life. In the last twenty-

five or fifty years there has been too much control in the arm of capital and the labour arm has been weak and limited. There must be a reallocation of control in our industrial structure as between these two arms, the labour investor and the capital investor; we must see to it that the labour arm is strengthened, because after all if wages are low or if wages are cut the purchasing power is destroyed, and we will never get out of this economic depression unless the purchasing power of the primary producer on the one hand and the workingman on the other is restored.

Time will not permit me to go into many of the details disclosed by the investigation. I could cite example after example; perhaps it would be well to refer to one, the textile industry. That industry has been treated pretty well by the present administration in the way of protection and tariffs; it has been very profitable during the years of the depression, but what do we find? In the most profitable branch of the textile industry, the silk industry, we find an average annual wage of $600 a year. Or consider the tobacco industry, which also has been well protected, which has made huge profits during each year of the depression, which has paid enormous salaries to executives and which controls its own distribution through its own mighty power. What do we find to be the wage picture in that industry? The annual wage of thousands of people working in the tobacco industry is $574. I say to you, Mr. Speaker, that things cannot go on in this way. We must remedy these conditions.

Now let us see for a moment how the present government propose to deal with these problems, and first let us take the problem of concentration in industry. I am sorry the hon. member for East Kootenay (Mr. Stevens) is not in his seat just now. He very rightly pointed out the evils of concentration in industry, but what has he done in the past? He opposed the Combines Investigation Act, and as a member of the present government he was responsible for enacting the marketing act which, perhaps more than any other legislation that has been passed, fosters and creates monopolistic concentration. I want to direct attention to that part of the majority report with which the four members of the Liberal party on the commission could not agree, the right to combine for the purpose of fixing prices and controlling production. I say to you, Mr. Speaker, that the trend of the whole report directs attention to that question and to the evils growing out of monopolies and monopolistic competition. We want to abolish these

monopolies; we want to destroy these price fixing agreements. Our country is honeycombed with these monopolies, these mergers, these secret agreements and understandings. What does the hon. member for East Kootenay propose to do; what do the government propose to do? They propose to enact legislation enabling industry to enter into these price fixing agreements, to control production, to create and foster monopolies. I say to you, Mr. Speaker, that section 14 of the act is a vicious piece of legislation that goes absolutely against the whole trend of the report of the price spreads investigation.

Now may I go a step further, and say this: How does this government propose to deal with some of the shocking conditions concerning labour that were disclosed during that investigation? The hon. member for East Kootenay has enumerated the legislation so far introduced, which I understand completes the so called reform program. The weights and measures amendments certainly will not help the labouring men, though they are steps in the right direction. The innocuous amendment to the Industrial Disputes Investigation Act will not be any great help to the labouring men. The amendments to the combines act are all right in their place, but certainly they will not improve the lot of the labouring men. The amendments to the Companies Act are all right; they are needed, and I am supporting them, but certainly they will not help the labouring man who at the present time has no money to invest in companies. Even the present milk and water legislation, the trade and industries act, will not in any way help the working people of this country.

The price spreads report dealt very extensively with labour problems. It recommended a more complete organization of industry into employers and trade associations; more complete and adequate general statistical work and more intensive research into the personnel problem. It recommended collective bargaining by trade unions and associations; more complete organization of workers into trade unions; more adequate recognition of trade unions by governments and employers; more adequate appropriations with larger and better staffs and better labour law administration both dominion and provincial. So it goes all down the page, with recommendation following recommendation. Where is the legislation implementing those recommendations? I realize that some of the recommendations are entirely within the confines of provincial jurisdiction, and I am not quarrelling with the decision of the government not to enact invalid legislation. Rather

than see these ineffective pieces of legislation put on the statute books merely for political purposes, in order that hon. gentlemen opposite may say they have implemented the recommendations of the price spreads commission, I would prefer to have the government withhold any such legislation until a provincial conference could be called and this report presented to the provinces. Then, in cooperation with the provinces, legislation might be enacted that would be valid and effective, and that would prove of some benefit to the workingmen and the primary producers. What is the use of enacting legislation that is admitted by the Minister of Justice to be invalid and unenforceable? What is the use of making amendments to the criminal code under which the minister says no convictions can be obtained? What is the use of passing a bill establishing a federal trade and industry commission when that commission is to be composed of members of the tariff board which, as the hon. member for East Kootenay has pointed out, has sufficient work to do already?

Then there is another point, Mr. Speaker. The administration of the Combines Investigation Act is to be placed in the hands of this trade and industry commission, which is to be the tariff board. I venture to say that we have never had more efficient administration of the Combines Investigation Act than we have had under the present registrar, though it is true he was handicapped and his powers were limited. Unquestionably he was a servant who tried to administer that act effectively, but now we are to relegate the administration of this act to the tariff board, who will have this multiplicity of duties to perform. I venture to suggest that we will not have an equally efficient and effective administration of the act in future. Then why was there left out of the bill any provision for the regulation of monopolies, as recommended by the price spreads commission? It seems rather peculiar that this parliament should have authority to permit the creation of monopolies and not have any jurisdiction to control or regulate those monopolies.

Time will not permit me effectively to deal with all the weaknesses of this legislation. There are many perplexing problems facing the Canadian people to-day, and it is our duty to deal with them heroically and courageously. I am not prepared to say that we should put invalid legislation on the statute books, but I am prepared to say that the time has come when we must deal courageously with the constitutional problem. Due to the development of industry, the progress in science and inventions and the complete change in our national economy, I believe the time has come when in a proper and constitutional manner we should consider the question of the allocating of jurisdiction between provincial and federal authorities. However, the problem cannot be solved merely by riding roughshod over constitutional matters or merely stating we have jurisdiction when in fact we have not. The time has arrived when together with the provinces we must have a conference with regard to the allocation of jurisdiction, and particularly with regard to matters affecting the social and human problems of the day. I believe that in these days the provinces are controlled by reasonable governments, by men who understand these problems and are concerned with the interests of the people.

May I observe that there are many subversive and destructive forces trying to bring chaos, or perhaps something worse than that, under these depressed conditions. Many who propose fantastic schemes have a special appeal because in these days people are influenced by and are labouring under a depression psychology and are ready to grasp at almost anything. One way of encouraging these destructive forces and fantastic schemes would be to ignore some of the conditions the price spreads commission disclosed. One way is simply to say that everything is all right, that things will clear themselves, that we must not interfere with anything, and that we had better let things go as they are. I say to you, Mr. Speaker, that the time has come when we must establish certain rules for the game of business just as we have established rules in games of sport. I am not advocating a regimentation of business or industry. Far be it from me to advocate any ideas or ideals which would proximate the establishment of fascist groups or a fascist state. If we turn our attention to European countries which have endeavoured to bring about regimentation of business and industry, what do we find? We find a tragic state of affairs wherein the people have lost their personal and political freedom. I would rather have the present democratic system with all its faults than the tragedies of dictatorships such as exist in Germany or Italy. I do say however, not by way of advocating regimentation but in the spirit of dealing fairly, of giving the small man a chance, of giving the retailer a chance and giving a chance to the man who has struggled and sacrificed his all during the past five years, that while businesses and large

corporations have lost money and have gone through difficult days, we cannot compare their position with that of the man who must work for two or three dollars a week. I am not talking about the unemployed; I am dealing more particularly with the underemployed and those in employment receiving inadequate wages. How can we compare the position of these corporations with those of the small retail man and small merchants who in the last five years have been struggling to make ends meet and to keep body and soul together?

I appeal to every hon. member, irrespective of political affiliation or partisanship, to try at least to help solve some of these problems. We cannot legislate morality in business; I realize that. No law put on the statute books will in any way bring about an adequate remedy for all these business evils, but at least it will be a step in the right direction. It would act as a brake and would help to remove some of the evils and abuses. I believe the men in control of our industrial and commercial structures now realize the problem. Only a few days ago I read a speech delivered by the president of the Ford Motor Company in which he stated that human life is more important than a balance sheet. Even the president of the Imperial Tobacco Company spoke along similar lines. We must come to a realization of the fact that we must give the small business men, the working people and our primary producers a decent chance to enjoy life.

May I conclude by citing something which President Roosevelt said a few days ago to a correspondent who asked him to restate his position on the new deal, following the decision rendered by the supreme court. Here are his words, and I commend them to the attention of the house:

> The social objective, I should say, remains what it was, which is to do what any honest government of any country would do; to try to increase the security and the happiness of a larger number of people in all occupations of life and in all parts of the country; to give them more of the good things in life; to give them a greater distribution not only of wealth in the narrow terms but of wealth in the wider terms; to give them places to go in summer—recreation; to give them assurance that they are not going to starve in their old age.

Mr. J. L. ILSLEY (Hants-Kings): Mr. Speaker, following the hon. member for Toronto West Centre (Mr. Factor) I should like to say a few words on the bill before the house. My line of approach will be roughly to present the point of view of the three members of the price spreads commission who prepared the memorandum of reservations appended to the majority report.

As I stated last night in my observations concerning certain criminal code amendments, the majority report provided for the setting up of three commissions. One of these was the trade and industry commission, another a board of live stock commissioners and the third a fisheries control board. In connection with the two last named boards we disagreed with the majority, believing that they would be either ineffective and superfluous or positively injurious. We did agree with the majority, however, about the setting up of a federal trade and industry commission. We offered our support, believing that there were functions, a half a dozen in number, which such a commission could discharge.

Speaking on the second reading of the bill this afternoon the Minister of Trade and Commerce (Mr. Hanson) enumerated five of those functions, and in a sort of way provision is made for those functions in the bill now before the house. The sixth has been dropped, the reason given being that there is a constitutional difficulty. About that point I may have something to say later. These six functions, subject to what I have to say about price and production agreements, we considered of importance to the Canadian people. First, and to my mind the most important, was the necessity for the better enforcement of the Combines Investigation Act. As hon. members are no doubt aware, this act was placed on the statute books in 1923. Of course there had been anti-combine or anti-trust legislation dating from the year 1889, at which time a section of the criminal code, now numbered section 498, was enacted. The original section through the years has to some extent been amended, but section 498 of the code contains substantially the provisions of the original section. After some experience it was found that it was almost impossible to obtain convictions under section 498, unless before launching a prosecution there was set up an investigating body to obtain evidence and to report as to whether or not there was a combine in a particular industry. So in 1910 the first Combines Investigation Act was passed. It remained on the statute books till 1919 when it was repealed. Its place was taken by the Combines and Fair Prices Act of 1919 and the Board of Commerce Act, twin acts placed on the statute books that year. That legislation was declared unconstitutional by the privy council in 1921, and in 1923 the present Combines Investigation Act was passed. It has been called by a good many competent observers the best anti-trust legislation in the world. Under that act there have been hundreds of investigations; there have been many reports declaring that a combine existed

in particular industries; there have been prosecutions following the reports, and in every case except one, as I said yesterday, the verdict of the court has been in accordance with the finding of the registrar under the combines act. There is no doubt about this fact, that the existence of a combines investigation act is a fact that is in the minds of everybody engaged in trade or industry in the Dominion of Canada, and to my mind, and in this I understand that all my colleagues on the price spreads commission agree, the Combines Investigation Act is good legislation. No one in this parliament advocates its repeal, although some business men in the country do. It is one of the main measures of protection which the consumers of this country have against monopolistic exploitation. It is therefore very important, Mr. Speaker, that proper machinery be furnished for the enforcement of the act.

With regard to the machinery which exists at present, we were of the opinion, and I am still of the opinion, that it could be improved upon. We think that instead of having a registrar serving under a minister, a branch as it were of a department, the Combines Investigation Act would be more effectively administered and enforced if it were placed in the hands of an independent commission. The registrar is an admirable official, none better in the government, but the conditions under which he has to function hamper him to a great extent.

We have had something to say in this house about publicity. The minister has not made public the reports during the last three or four years. Because there was some little dispute about the facts in connection with publicity I took steps to ascertain what the practice has been in other years. I find in the Labour Gazette of May, 1935, on the first page, a list of the publications of the Department of Labour, and among them are the reports published by the commissioners and the registrar under the Combines Investigation Act. I will leave out the reports of the commissioners, but the reports of the registrar published are five in number: the first was published on June 9, 1925; the second on March 25, 1926; the third on September 6, 1926; the fourth on February 5, 1931, and the fifth on March 4, 1933. That last one was the report of the registrar on the alleged combine of tobacco manufacturers and buyers of raw leaf tobacco in Ontario, which the minister at first refused to produce and did produce only under pressure of the house and because of the circumstances that a by-election was pending in one of the counties in Ontario.

The matter of publicity is therefore important, and we put in our report a very definite recommendation that the reports of the registrar under the Combines Investigation Act should automatically be made public. I think that that provision should be contained in this act instead of section 28, which provides for publicity at the option of the commission. Publicity certainly should be the rule, if and when the opportunity has been given to the persons investigated to be present at the investigation either in person or by counsel.

My first criticism of the bill before the house is that if the enforcement of the Combines Investigation Act, instead of being entrusted to an independent separate commission, is entrusted to the tariff board, I am afraid it is not going to be as well enforced as it has been up to the present time, and I say that very sincerely. The members of the trade and industry commission are to be the members of the present tariff board, and the present registrar under the Combines Investigation Act apparently is left entirely out of the picture. I do not know what will become of the registrar. Certainly I would say that he should be a commissioner. He has had more experience than the others. The others have no experience whatever, and that is one great defect in this legislation. Provision is made for any one of the members of the tariff board to conduct investigations under the Combines Investigation Act, but the one person in this country who has had experience in the conduct of these investigations is the present registrar, who has, within the limitations imposed upon him by circumstances, discharged his duty with great efficiency and distinction. That is my first criticism of the legislation which is before the house.

The second function that we thought this trade commission could effectively discharge for the benefit of the people of this country was that of a bureau of commodity standards. The Financial Post says that a bureau of commodity standards is to be set up as a separate board. Not at all; it was to function as a branch or committee under the supervision of the trade and industry commission. What does that mean? In 1924 we set up a national research council, and it has been examining different commodities to see whether or not they were adulterated, or whether or not they met the requirement of purchasers; but the national research council is primarily a scientific body, and its research is scientific. It is occupied with the scientific rather than with the commercial side, and

we considered that it would be very much better for the consumers and for persons in business if they could have a body of men with some commercial contacts, rather than a body with scientific contacts, to establish commodity standards. The evidence was that in Great Britain they have established five or six hundred of what they call British standards, and sellers of goods and makers of goods whose products come up to these standards have the privilege of putting upon them the words, or the initials therefor, British Standards, which gives the purchaser some guarantee as to the quality. I am pleased to note that this bill makes provision for Canadian standards, and I think quite a lot can be done along that line. There is a great deal of fraud being practised on purchasers in this country. The most startling evidence given to the commission was on that point. Evidence was given that substances were being sold as paint which were hardly paint at all—they would wash off with the rain; lubricating oils were sold which did not meet the requirements of the purchaser in any sense; gasolines were being sold with very widely varying degrees of efficiency, and the grades had no relation to the price at which the gasoline was sold; silk was sold as pure silk which was largely artificial silk and weighting material; putty was being sold with mineral oil in it instead of linseed oil, which caused it to crack and come out shortly after it was put in; anti-freeze and cleaning preparations and soaps were being sold at prices entirely out of line with what was in these articles. It was considered by the commission that much progress could be made in the way of giving the consumer the properties of the article which he was buying; for that reason we brought in a recommendation that a bureau of commodity standards be set up, and so far as I can see that is fairly well provided for in this bill. I have not critically examined the provisions of the bill in this regard, but the principle of the bill, I would say, in that respect is entirely right.

The third function of the board was to act as a securities control board. On that point let me read a brief passage from page 44 of the report:

> The machinery outlined above, however, can only come into action after the securities have been issued. It should, therefore, be supplemented by and combined with some machinery which would review the situation before the securities were issued. This leads logically to the formation of an investment or securities board, functioning as a section of the federal trade and industry commission, recommended later in this report. It should cooperate closely with that department of the government responsible for incorporations but should not, we feel, be an administrative division of such department. The functions of such a board should be to review the proposed capital structure of all companies incorporated under the dominion act and desiring to issue bonds or stock to the public. In other words the board would pass on all issues of bonds or stock after thorough investigation. In performing this duty, the board would necessarily give careful consideration to the proper relation that bonds or stock to be issued bear to the company's assets.

We on this side of the house have insisted for some years that some such board should be established. My right hon. leader stated in 1933:

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

These being our convictions we naturally concurred in the recommendations of the price spreads commission, but when I come to consider the bill I find that this federal trade and industry commission is not to function except upon the request of the Secretary of State. Without going further into the matter I would say that that provision is entirely inadequate to meet what we had in mind when we made that recommendation and to meet what we on this side of the house have had in mind for some years.

The fourth function of the commission is the prevention of unfair trade practices. Unfair trade practices can be divided roughly into two classes, those which are ethically unfair and those which are economically unfair. There can be no argument as to the provision of adequate machinery to control ethically unfair trade practices such as short weighing, deceptive packaging, misleading and false advertising, and that sort of thing. I think every hon. member will agree that adequate machinery should be supplied, I believe by the dominion rather than by the provinces, to curtail and prevent ethically unfair trade practices, of which there is a surprisingly large number. There are more of these in existence than I thought possible before I heard the evidence presented to the commission. I am sure that all hon. members will agree to the providing of effective measures for the curtailment of these practices. It may be that the director of prosecutions may be able to attain this end but we may have to find out more as to how that official is to function and what checks there are to be upon his functioning.

It is very difficult to define what are economically unfair trade practices. The hon.

member for East Kootenay (Mr. Stevens) made it very clear to the house this afternoon that there is great difficulty in defining this type of unfair trade practices. If we needed a further illustration I think it was furnished by the debate last evening which demonstrated the great difficulty of providing proper amendments to the criminal code. Attempts have been made in other quarters to curtail what are known as economically unfair trade practices. Since 1924 the federal trade commission of the United States has attempted to deal with these matters and I think we should make some attempt to act within our powers as a parliament to curtail and prevent unfair trade practices. We had a long discussion on this whole matter last evening and I have not the time this afternoon to take it up further.

The fifth function which we recommended for a federal trade commission is what I might call the regulation of monopolies, and I should like to say a word about this. The hon. member for Toronto West Centre (Mr. Factor) has shown the trend towards monopoly and the serious concentration of business in fewer and fewer hands, in the hands of huge corporations. I am thoroughly in accord with all that the hon. member said. No one could listen to the evidence given before the commission, no one could read the reports which were presented to the commission, no one could read the report of the commission itself without realizing that that is true to a tremendous extent in the Dominion of Canada. The packing industry has been mentioned two or three times. In the United States the largest packing company controls only twenty-seven or twenty-eight per cent of the business while in Canada one company controls fifty-nine or sixty per cent of the business. There is a tremendous concentration of control in the tobacco industry, the Imperial Tobacco Company controlling seventy or eighty per cent of the business while two of the largest companies control eighty-five per cent. As the hon. member for Toronto West Centre has said, such monopolies eliminate competition and both primary producers and consumers are undoubtedly put in positions of great disadvantage. Competition is the regulating factor, as the Prime Minister (Mr. Bennett) has said, and when the growth of these monopolies causes the disappearance of competition I am convinced that something must be substituted, that there must be some way provided by which the public can meet these great concentrations of industry on their own ground and get for the people with whom they are dealing some of the advantages which otherwise would be provided by free competition.

Some attempt should be made to bring about that position. We thought that a body should be set up which would have the power to recommend to parliament after careful investigation that certain industries had attained the dimensions of monopolies and should be declared monopolies and that extraordinary measures should be taken with reference to those industries. They would not exactly be made public utilities, but regulations could be applied similar to those applied to the public utilities. We differed with the majority of the commission on two points. In the first place, our colleagues were of the opinion that the governor in council should have the power to declare these monopolies on the recommendation of the federal trade and industry commission. We disagreed with that because we claimed that the situation could not possibly be an emergent one. We contended that matters could remain in statu quo for some time. It might be a great advantage to a particular industry to be declared a monopoly because if it once got into the position of a public utility its profits might be more or less guaranteed. Many industries might desire to be classified as monopolies rather than to remain in the competitive field and come under the provisions of the Combines Investigation Act. We thought it a serious thing to allow the status of an industry to be altered by governmental action; we contended that it should be submitted to parliament rather than to the government, that it should be the subject of legislative rather than executive action. That was the first point upon which we differed from our colleagues.

The second point upon which we differed was this: They were of the opinion that there might be times when even though competition existed to some extent in an industry, even though it could be restored to an industry, nevertheless that industry should be declared a monopoly; but we considered that competition was by all means the most efficient regulating factor and if there was any chance of restoring competition, it should be restored. Those are the two points upon which we differed from our colleagues in connection with monopolies. I would call attention to the fact that this bill contains no provision for the handling of these monopolies. To that extent it is a disappointment to us and it is obviously a disappointment to the hon. member for East Kootenay.

This subject is too important to be dealt with in the dying hours of a moribund parliament. I contend it should be left to be dealt with by a parliament fresh from the people. In my opinion this will have to be dealt with in the near future because it will never do to leave the consuming public open to the power of these embattled monopolies which are gathering up more and more of the business of the country along certain lines. Those are my submissions with regard to the regulation of monopolies.

The sixth function as recommended by the majority report was the authorization of price and production agreements in certain competitive industries. With that recommendation we on this side of the house flatly and decisively disagree. We believe it is thoroughly illogical to confer upon the commission, as its primary function, the prevention of combines and then, further down on the list, to confer on it the power to sanction combines. That is thoroughly illogical and contradictory. I admit that in times of distress and depression you will find highly competitive industries where there seem to be cutthroat competition, waste and chaos. But our contention is that competition is the best protection the public has; and if you authorize price and production agreements between those engaged in any industry, limiting production and fixing prices charged the general public, you will get stagnation in industry, exploitation of the public and monopoly—the very thing which is admitted to be one of the greatest evils we have to contend with. We are most emphatic about that. We believe in the principles of the Combines Investigation Act and do not believe in its nullification by conferring on the trade and industry commission or on the government, on the advice of that commission, the power to sanction combines, monopolistic combinations, when one of the primary functions of the commission should be to prevent combines. I would point out that these attempts have not succeeded where they have been tried. Take the codes in the United States under the NRA. The attempt was made there. I am not familiar with the codes but broadly speaking that was the object—to sanction combines within various industries, allowing them to fix the prices they would charge the public. As everyone knows, prices went up faster than wages and a great many of the codes broke down for that very reason. That is a very large subject and I have not the time nor am I prepared to go into it fully at the present time. I do not believe in that provision of the Natural Products Marketing Act which enables the manufacturers of secondary products to enter into these price and production agreements, such as the jam agreement entered into not long ago. I do not believe in that principle at all. There is the dominion marketing board, with power to sanction certain combines, and it would be a very foolish thing to set up a second body to sanction combines under similar circumstances. There would be overlapping jurisdiction which would be farcical. I am therefore thoroughly opposed, as those on this side of the house are, to that section of the act which authorizes the sanctioning of these price and production agreements, section 14. and I want to make that clear on this second reading.

Those are the six functions which the majority had in mind for the commission, and it will be seen from what I have said that we regard the bill as in some respects a disappointment and a failure, though in some other respects we approve of it. Speaking for myself, I think the two great weaknesses are these. In the first place it weakens rather than strengthens the administration of the Combines Investigation Act; and the second great weakness of the bill is that it authorizes the formation of price and production agreements in competitive industries, depriving the public of the benefits of competition and sanctioning what is declared against earlier in the bill.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

BANK ACT AMENDMENT

PROPOSED REPEAL OF SECTION 138, UNAUTHORIZED ISSUE OF NOTES OR SUBSTITUTES FOR MONEY

Mr. G. G. COOTE (Macleod) moved the second reading of Bill No. 69, to amend the Bank Act.

He said: Mr. Speaker, money is a creation of government, and in Canada under our constitution the federal parliament is given control of the issue of all money. Parliament in its wisdom has given this right to the Bank of Canada and to the chartered banks. So far as the public is concerned we can get money for the transaction of our business only through the chartered banks. Under

section 138 of the Bank Act the banking system is given the exclusive right to issue money. That section reads:

(1) Every person, except a bank to which this act applies, who issues or reissues, makes, draws or endorses any bill, bond, note, cheque or other instrument, intended to circulate as money, or to be used as a substitute for money, for any amount whatsoever, shall incur a penalty of four hundred dollars.

(2) If any such instrument is made for the payment of a less sum than twenty dollars, and is payable either in form or in fact to the bearer thereof, or at sight, on or demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money, the intention to pass the same as money shall be presumed unless such instrument is—

(a) a cheque on some chartered bank paid by the maker directly to his immediate creditor; or

(b) a promissory note, bill of exchange, bond or other undertaking for the payment of money made or delivered by the maker thereof to his immediate creditor; and

(c) not designed to circulate as money or as a substitute for money.

The bill which I have introduced asks that section 138 should be deleted. The first objection that I raise to the section is that it is almost impossible for any ordinary person to understand it. The second objection, and I think this is a valid one, is that if certain forms are used the intention to pass them as money, which is a contravention of the act, is to be presumed. That is, any person who is charged under certain clauses of this act with an offence is presumed to be guilty, and the onus is upon him of proving that he is not guilty. It seems to me that proof of violation of the act should rest with the prosecuting authority. I think this is a very bad feature to introduce into the law.

However, my chief reason for introducing the bill is the financial situation of many of our cities and municipalities and also of some provinces. There are many cities in Canada —I do not wish to name them—that have been capitalizing their relief costs for perhaps the last two or three years, and many of them have been borrowing to pay their interest charges. In many cases they have not been keeping up their sinking fund. This debt creating process, it seems to me, must stop some time. Then many municipalities cannot borrow money from the banks to carry on their necessary public services. If not prevented by this section I believe there are many municipalities which could not only carry on necessary public services but might also collect a lot of taxes which are at present going unpaid, and at the same time effect some public improvements. This section has been invoked in one or two cases at least to stop municipalities from doing this very thing. Last year when we endeavoured to have section 138 struck out of the act the minister said that there must be some protection for the currency of the country. Of course I would agree with that, but even so I do not see why we should impose a penalty of $400 for the issue of a substitute for money as distinct from what might be termed money itself. If we had an adequate money system in Canada operating at the present time—it may have operated adequately at certain times, but it seems to me it has not done so in the last few years—I would not be introducing the bill. But if the people of a community who have goods and services to exchange with each other have no money and can get none from the banking system, I do not see why we should by law prevent them from providing and using a substitute for money if they can do so.

A good many cities in the United States have made experiments with municipal scrip, and the story of the efforts of these towns has been published in book form by Professor Irving Fisher. In that book he also tells the story of the town of Wörgl in Austria where I think half the people were unemployed, and the mayor persuaded the town authorities to issue what was known as stamped scrip. A stamp in value equal to two per cent of the face value of the scrip itself had to be placed on the scrip once a week. These stamps had to be bought with legal money, so in fifty weeks enough money was secured from the sale of these stamps to retire the scrip in full. In that town they succeeded in putting practically all the unemployed back to work; they built a new town hall and many other improvements, and made a great success of the use of this stamped scrip. That success I believe might be duplicated in some of the cities of Canada. I have talked with some town authorities who said they would like very much to issue a small amount of scrip but they were afraid they would be found guilty of an infraction of section 138 of the Bank Act, and they could not run the risk of being fined $400 for the carrying out of such an experiment.

It seems to me that the term money as used in this act or as used in the British North America Act, that is currency and coinage and paper money, is undoubtedly within the jurisdiction of this parliament. But such money is only a small percentage of the money which we actually use to-day. In the general acceptance of the term the bulk of our money is in the form of bank deposits and is passed from one person to another by cheque. That naturally raises the question

whether cheques are substitutes for money. When we discussed this matter in the banking committee last year I noted it was the opinion of a good many members of the committee that cheques were not money. If they are not money they must be a substitute for money, and it seems to me that according to the strict interpretation of section 138 many people who are passing cheques around are guilty of an infraction of that section. It is true that if the cheque is for less than $20 there would appear to be an exception; in that case it is not considered to be a substitute for money. But if it is for a larger amount it is so considered, and if the cheque passes through the hands of a third or fourth person, under the terms of this section the party who issues it would be liable to a fine of $400. It may be presumed that it is his intention to pass it as money, and then it would be necessary for him to prove that it was not his intention so to do.

In conclusion, Mr. Speaker, I should like to repeat that it is this section of the Bank Act which gives the banks a monopoly of all money and credit. I think the introduction of this bill will give all those opposed to the granting of this monopoly to the chartered banks an opportunity to register their objection. I hope the bill will receive at least the careful consideration of the house.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, in the absence of the Minister of Finance (Mr. Rhodes) I desire only to point out first of all that this matter was carefully considered by the banking and commerce committee last year, and the subject matter of the present discussion was then much debated. The conclusion of the committee was that the section should be incorporated in the Bank Act as it now is.

I cannot say that the practice of bringing to the attention of the house in a succeeding session a measure that was carefully considered less than a year ago and on which a conclusion was reached, has very great merit, nor do I think the hon. gentleman who has just taken his seat (Mr. Coote) has quite made himself familiar with the provisions of the new Bank Act and the Bank of Canada Act. The old fashioned appeal that was formerly made, that we must vote against the banks that have a monopoly of the issue of bills, no longer has substance, because we have provided that ultimately the Bank of Canada will be the only issuing bank in the country. Therefore the last argument made by my hon. friend was one that might have found force and place some years ago but which perhaps cannot be taken too seriously now.

I wonder what would happen in the country if this bill were to be enacted. I wonder just what would be money. I sent the page out for Palgrave's Dictionary of Political Economy and turned up the word "money" because I recalled that there was a time when oxen were the standard of money; that in other cases iron bars were used as money, and that at other times various substances and commodities passed as money. But according to Palgrave we are thus able to give a full and final definition of money:

> —namely, that it is that which serves (1) as the common medium of exchange: (a) dispensing with the double coincidence of wants and of possessions involved in barter; (b) furnishing a price-current of all the commodities in the market. (2) As the standard of deferred payments. To put it in another form, money is that which passes freely from hand to hand, in full payment for goods, in final discharge of indebtedness, being accepted equally without reference to the character or credit of the person tendering it, and without the intention on the part of the person receiving it himself, to consume or enjoy, or otherwise use it than by passing it on, sooner or later in exchange.

I wonder what sort of money we would have in Canada if this bill were to pass. There would be scrip at Calgary, scrip at St. Paul, scrip at Red Deer, scrip at Winnipeg and at Regina, and the very essential idea of the word "money" would have perished and vanished. I do not think this house desires to have it seriously argued that the enactment of legislation such as this would turn our whole monetary system, such as it is, into a farce; I am sure the hon. gentleman has no such object as that in mind.

For the moment I need say nothing further on that phase of the matter. The hon. member for Macleod (Mr. Coote) does object to the provisions of the act that state that the possession of certain things constitutes a presumption against the person who is in possession of or who tenders certain things as money. There is nothing new in the law in that regard. For example, if a man is walking down the sidewalk and a barrel of flour falls on his head there is presumption of negligence, and he need not prove it. That is res ipsa loquitur; the thing speaks for itself. In criminal or quasi-criminal cases there are certain things that in themselves constitute a presumption which it is essential that the person who is

affected should discharge by evidence indicating that the presumption was not warranted. All that is said in this case is that if any such instrument is made for the payment of a less sum than $20, and is payable either in form or in fact to the bearer thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money, the intention to pass the same as money shall be presumed. It is not that the man is presumed to be guilty but that the intention is presumed, and there is a vast difference between a presumption of guilt and a presumption of intention. It is so difficult to prove intentions, however honourable they may be. It is so difficult to prove them even when they are dishonourable, and when the law says there shall be a presumption of intention that is an entirely different thing from asserting that there is a presumption of guilt. All this section says is that certain facts shall constitute a presumption of intention, and that only.

I do not desire to do more than indicate the views of the government with respect to the matter, in the absence of the Minister of Finance. In order that the matter may be presented from his viewpoint, since I understand that he has some views with respect to it, I think I might content myself with merely moving the adjournment of the debate and permitting the matter to end there for the moment.

Mr. A. W. NEILL (Comox-Alberni): Might I ask the Prime Minister a question?

Mr. BENNETT: Certainly.

Mr. NEILL: If this bill should pass would it be possible for every private individual to mint or print his own money?

Mr. BENNETT: You see, it is very dangerous for a man who is a lawyer to express an opinion these days, but if I might be permitted to do so I would think it would be somewhat doubtful with respect to the individual. There would be no doubt about it with regard to the aggregation of individuals that might constitute a certain form of corporation, shall we say, whether it be municipal or otherwise. I am inclined to think that if he could get anybody to take it as money, if the printing were nicely done, he might be able for the moment to induce people to accept it as such.

Motion agreed to and debate adjourned.

TRADE AND INDUSTRY COMMISSION

The house resumed consideration of the motion of Mr. Hanson (York-Sunbury) for the second reading of Bill No. 86, to establish a dominion trade and industry commission.

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, in discussing Bill No. 86, the purpose of which is to set up a dominion trade and industry commission, I hope not to detain the house at length but to confine my remarks to one phase of the principle of the bill, reserving until it has reached the committee stage a discussion of the details.

I should like first, however, to make a few observations of a somewhat personal nature. When speaking last night I made certain references to the official attitude of the opposition towards the implementation of the price spreads commission recommendations, and the hon. member for Hants-Kings (Mr. Ilsley) took exception in these words:

> But I do not think the hon. member should have imputed the motives he did to those who express sincere objections to some of the recommendations of the price spreads commission.

I should like to state frankly that when I made my reference to the official attitude of the opposition I was referring to the attitude as reflected by the official financial critical critic of that body, namely the hon. member for Shelburne-Yarmouth (Mr. Ralston). So far as the hon. member for Hants-Kings is concerned—and I might speak more freely if he were not in his seat—I would say that I had not that hon. member in mind. I have known him in this house for some years and during that time have formed the highest admiration of his fairness in dealing with all matters, and of his sincerity as well. In addition I had the pleasure of sitting with him as one of a special committee dealing with price spreads and mass buying, and later for a period of six months as a fellow member of the royal commission. I can say that throughout that time his attitude was the very fairest and most helpful. Time and again when futile arguments arose he displayed the rare ability of putting into precise language amendments disposing of the difficulties. I may add that the relations between all members of the committee and the royal commission throughout the whole time were of the most friendly nature and all co-operated in the greatest possible measure. In fact, whatever merit has been accorded the

report which as chairman I had the privilege of signing, is fully and freely shared by me with all the members of the commission.

I believe it would be in order for m to say a word or two concerning the other persons who assisted in the preparation of the report. I refer particularly to the secretariat and the economic advisers. Mr. L. B. Pearson of the Department of External affairs acted as secretary, and Messrs. J. M. Boyer and R. A. Cameron as assistant secretaries. If I may be permitted to single out Mr. Pearson I would say that he was no ordinary secretary. I believe all members of the commission will join with me in paying the highest possible tribute to the assistance given to the commission and all members of it by Mr. Pearson. We were further assisted by economic advisers in the persons of Doctor W. J. Couper, Professor A. C. Curtis of Queens University, Doctor A. Rive of the Department of External Affairs, Mr. C. S. A. Ritchie of the same department, and other gentlemen whose names do not occur to me at the moment but who rendered notable service. Apart from them I was tremendously impressed by the calibre of the civil servants who assisted us, those who occupying positions of trust in various departments were consulted from time to time to assist us in matters being studied by the commission. One and all rendered most valuable service. I could not conclude these observations without acknowledging the great courtesies extended to the committee and the commission by Doctor Beauchesne, Clerk of the House of Commons, and Major Gregg, Sergeant-at-Arms, in making comfortable quarters available for our use.

Mr. DUFF: What about the solicitors?

Mr. KENNEDY (Winnipeg): I think perhaps the hon. member would agree with me that without any words of mine they have been suitably rewarded. However, now that the subject has been opened I would add that the commission did appreciate the services rendered by counsel.

Mr. DUFF: Did you sign their accounts?

Mr. KENNEDY (Winnipeg) We paid their accounts. I may be reprimanded for this, but I should like to make a personal reference to the Prime Minister (Mr. Bennett). As we were sitting as a royal commission it is probably unnecessary for me to intimate that neither the Prime Minister nor any cabinet members interfered in any way, shape or form with our investigations. My only instructions when handed the order in council by the Prime Minister on October 29 last were words to this effect: "Kennedy, remember, this is a 'royal' commission, and remember all the term connotes—British justice. It is to be an investigation into the facts. Go as deep as you like, and go as wide as you like, but see that the great and small, rich and poor receive even handed justice." And to the best of my ability and with the wholehearted cooperation of the members of the commission we endeavoured to carry out the traditions of a royal commission.

Now I shall direct some observations to the bill. It would seem that the hon. member for Shelburne-Yarmouth (Mr. Ralston) is amused. Well, I hope the hon. member will follow me in the phase I am about to discuss, and I trust that I may convince him. I refer to the non-inclusion in the bill now before the house of regulatory and administrative powers of the commission, the power not only to determine what are unfair practices but the power to issue orders to cease and desist from such practices. To me it is a matter of considerable satisfaction that in the desire to carry out the recommendations of the commission in that regard, as was indicated this afternoon by the Minister of Trade and Comerce (Mr. Hanson), the government in the original draft did include those clauses to which reference was made this afternoon by the hon. member for East Kootenay (Mr. Stevens), namely the powers to which I have referred. As the Minister of Trade and Commerce has told us, they were dropped only after receiving advice from eminent counsel that such procedure was invalid. For that reason they were dropped from the bill.

I am not going to labour the law, but speaking on the principle of the bill I do wish to refer to that phase of the matter, placing it on record and possibly indulging the fond hope that if what I submit to-night is not the law, to-morrow it may possibly be the law. The Minister of Trade and Commerce and the legal advisers to the government based their claim of absolute invalidity of the powers referred to upon the privy council case commonly known as the Board of Commerce case. I shall not discuss the case in detail but shall draw to the attention of the house only two matters in connection with it. The case is reported in Law Times Reports, new series, volume 126, year 1922, at page 290.

We have spent a lot of time this last day or two discussing the question whether a matter is obviously invalid or whether there is merely a question of doubt as to its

validity. Resting the argument of invalidity, as it is rested, upon the Board of Commerce case I draw this to the attention of the house, that that case was on appeal from the Supreme Court of Canada, and that six judges of our own supreme court were not so settled in their minds that the powers referred to were invalid. I merely cite the facts as reported:

As the six judges who sat in the supreme court were equally divided in opinion no judgment was rendered. The Chief Justice and Justices Anglin and Migneault considered that the question raised should be answered in the affirmative, while Justices Iddington, Duff and Brodeur thought that the first question should be answered in the negative and that therefore the second question did not arise.

Then as to the subject matter of the decision I would draw the attention of the house to this fact, that that decision had to do with price fixing, and I submit that that is of some importance in view of the bill we are considering. That judgment I say had to do with price fixing, but in the report of the royal commission on price spreads we have not recommended price fixing; in fact, we found and so declared, that we believe it unsound, and we studiously avoided recommending any such thing.

Referring to the case report, the order in question was to the effect that certain retail dealers in clothing in the city of Ottawa were prohibited from charging as profits on sales more than a certain percentage of cost which was described as being a fair profit. I bring that to the attention of the house. That case was decided in 1921.

Now that very case has been distinguished in the later case to which I referred yesterday and which I shall again cite, the case of the Proprietary Articles Trade Association et al, appellants, and Attorney General for Canada et al, respondents, which was heard by the privy council in 1931 on appeal from the Supreme Court of Canada (Law Reports Appeal Cases, 1931, page 310). Just let me refer briefly to the judgment of Lord Atkin who delivered judgment on behalf of the committee. He states at page 316:

In determining judicially the distribution of legislative powers between the dominion and the provinces made by the two famous sections, 91 and 92 of the British North America Act, two principles have to be observed: first, the accepted canon of construction as to the general effect of the sections must be maintained. This is that the general powers of legislation for the peace, order and good government of Canada are committed to the dominion parliament, though they are subject to the exclusive powers of legislation committed to the provincial legislatures and enumerated in section 92, but—

I particularly draw the attention of the house to this qualification:

—but the provincial powers are themselves qualified in respect of subjects enumerated in section 91 as particular instances of general powers assigned to the dominion. Any matter coming within any of those particular classes of subjects is not to be deemed as coming within the class of matters assigned to the provincial legislatures. This almost reproduces the express words of the sections, and this rule is well settled.

The second principle to which I wish later to refer briefly is this:

The second principle to be observed judicially was expressed by the board in 1881, "It will be a wise course ... to decide each case which arises as best they can, without entering more largely upon an interpretation of the statute than is necessary for the decision of the particular question in hand."

I submit that that second principle is of importance because with the passing of time conditions change, and matters that were at one time purely local in their nature become interprovincial, national, and sometimes even international in their nature. So the privy council, I submit, has wisely established the principle that each case shall be decided on its own merits and in the light of the conditions at the time the case comes before them for adjudication.

Then at the bottom of page 326, and I submit that this is a rather important expression of opinion, Lord Atkin says, and here he distinguishes the Board of Commerce case:

The view that Their Lordships have expressed makes it unnecessary to discuss the further ground upon which the legislation has been supported by reference to the power to legislate under section 91, head 2, for "the regulation of trade and commerce."

Again:

Their Lordships merely propose to disassociate themselves from the construction suggested in argument of a passage in the judgment of the Board of Commerce case under which it was contended that the power to "regulate trade and commerce" could be invoked only in furtherance of a general power which parliament possesses independently of it. No such restriction is properly to be inferred from that judgment. The words of the statute must receive their proper construction where they stand as giving an independent authority to parliament over the particular subject matter ... they desire to guard themselves from being supposed to lay down that the present legislation should not be supported on that ground.

Again:

If then the legislation in question is authorized under one or other of the heads specifically enumerated in section 91 it is not to the purpose to say that it affects property and civil rights in the provinces. Most of the specific subjects in section 91 do affect property and

civil rights, but so far as the legislation of parliament in pith and substance is operating within the enumerated powers, there is constitutional authority to interfere with property and civil rights.

My position is this, that if this parliament legislates in respect of matters of trade and commerce and such legislation impinges upon property and civil rights, the mere fact of that impingement is not a bar to the validity of the proposed legislation. What is the principle? The principle is this, that inasmuch as the right to legislate in respect of "trade and commerce" is given in section 91, subsection 2, of the British North America Act to the federal parliament, it has the right to legislate in respect of all matters of trade and commerce where such matters affect the general public interest under the general head of peace, order and good government; and if also it impinges on property and civil rights—and let me point out in passing that there is not a single power given under section 91 to the federal parliament which may not conveivably in one way or another in the course of legislation impinge upon property and civil rights—the fact of such impingement is not a barrier to legislation. It is not a denial of validity. The test is this: whether it is a matter of regulating in respect of trade and commerce, in respect of a matter that is not purely local and that does not merely affect contracts between individuals or localities; if it be a matter that affects the general public interest either for the general good, or to the detriment thereof, then the will of the federal parliament must prevail and the rights of the province must stand aside. I submit that that is the psoition.

Why is it that the federal governments have not more vigorously in times past sought to occupy the field of legislation for which I am now contending? I submit that one reason, and one very obvious reason, is this, that it has been hesitant to break new ground and to occupy it and to assert its rights federally by reason of political expediency. I am not referring to any particular administration but to the administrations through the past years. So often when the federal government has sought to legislate in respect of matters that in one phase or another affect individuals in the provinces, the cry of "provincial rights" has been raised. Hon. members know full well the potency of such a cry. Any government hesitates to proceed aggressively with legislation when the question of "provincial rights" is raised, and unless it be clear beyond peradventure that they have the right, the tendency has been not to assume an aggressive attitude. But I say that when the matter concerns the general wellbeing of the people of this country, political expediency should not stand in the way; the government should be courageous enough to occupy the ground which I submit they are entitled to occupy.

Further, even though it be argued, as it has been, that the federal government has not legislative jurisdiction to deal with what are found to be "unfair" trade practices, it may well be that some of these practices will be federal in their nature. Many of the unfair practices to which the price spreads commission's report refers are matters which affect not merely local dealings but interprovincial and sometimes international trade. I submit that power to deal effectively therewith should be included in the bill before the house. Assuming that the eminent legal opinions given are correct and that there are other unfair practices which fall within the exclusive jurisdiction of the provinces, the federal government could be enabled to deal therewith through enabling legislation by the provinces. I earnestly suggest to the government that they include in this bill a provision to empower the commission to do those things to which I have referred, to deal with unfair trade practices in an effective way and to issue orders to cease and desist, with the proviso that where any such unfair practice is one which is deemed to fall within the exclusive jurisdiction of the provinces the federal government invite enabling legislation by the provinces. I suggest that such an amendment would fulfil the wishes of the members of the price spreads commission and I ask the government to take it seriously into consideration.

If it be that this parliament has no jurisdiction, as it has been argued, to legislate in respect of matters which were unanimously recognized by the commissioners as being unfair, as being bad, as being against the public interest and as being of a nature which ought to be prohibited; if hon. members recognize such practices to be of a category which should be prohibited; if it be that we have not the power to prohibit such practices in an effective way by legislation, there at once arises the question of the necessary amendments to the British North America Act.

I am fully aware that this suggestion at once raises the problem of the rights of minorities. So far as I am concerned I want to make it very plain that I would be the last one to challenge the rights of minorities as guaranteed to them by the pact of confederation. But in the matter of legislating for

trade and commerce and in connection with business dealings between citizens of Canada there cannot be any question of minority rights. I submit that we are then face to face with the question of necessary amendments to the British North America Act.

This act has not been handed down to us as were the commandments to Moses. The British North America Act is a very human document, and being human, it is subject to the frailties of humanity. It was built by men who in their day constructed a document to the best of their knowledge and ability which would govern the affairs of the citizens of Canada, having regard to the rights of the individual provinces, having regard to the division of matters among provincial jurisdictions upon the basis of local interests, and giving to the federal government by section 91 control over those matters which were of general interest.

That document was prepared to serve conditions as they existed in 1867—this is 1935; times have changed. What was provincial, yes, even what was parochial in 1867 may well now be interprovincial, national or even international. The proper measure of distance is not in miles, it is the time taken to go from one point to another. What is distance in 1935 as compared to 1867? In point of time, in 1867 the distance between Montreal and Toronto was as great as the distance to-day between Montreal and Vancouver. Matters of business and trade and commerce which were distinctly local in 1867 are no longer local. In 1867 an industry in Montreal could not conceivably compete with an industry in Vancouver or Winnipeg, but to-day industries in every part of Canada compete directly with industries in the other parts. So when you come to deal with unfair competitive trade practices you are dealing with something which touches the whole of Canada and which is not confined to any particular province.

The British North America Act is not like the ark of the covenant upon which no man could lay a hand. It is not like the laws of the Medes and Persians which legend said could not be altered but which in fact have wholly passed away. The British North America Act has been amended, not once, but more than twenty times. Shall we not amend it again in the public interest? Let us remember that the written constitution of Canada should be the "servant" and not the "master" of the people. Let us remember that that constitution is "man-made" and being man-made it can be man-altered. Let us remember that not bricks and mortar, not tall buildings, but its citizens are the ramparts of the nation; it is in the interests of our citizens that we should legislate.

I commend to the house the words of John Bright: "The nation in every land dwells in the cottage, and unless the light of your constitution can shine there, unless the beneficence of your legislation is there reflected, believe me, gentlemen, you have yet to learn the principles of statesmanship."

Mr. D. M. KENNEDY (Peace River): Mr. Speaker, after the discussion which we had this afternoon on this bill I do not feel I can add very much to what has been said, but there are a few things I should like to bring to the attention of the house. I shall try to be as brief as possible.

In the first place I want to say that I was impressed with the need of some such organization during the investigation by both the parliamentary committee and the royal commission. It is quite easy to set out the difficulties which such an organization will encounter; it is quite easy to argue that it will not be effective in certain ways; it is quite easy to argue that it will meet with difficulties which it will not be able to deal with as effectively as we should wish. But that is true of every organization. The railway board of this country has a very difficult task. We hear it said quite often that the railway rate situation in Canada and in the United States as well is a crazy patchwork which no one can understand, and yet I venture to say that railway rates as fixed in the United States, and railway rates as fixed in this dominion through the railway board, are much more satisfactory and much fairer than they would be without the railway commission here or the interstate commerce commission in the United States. And so we must approach the whole problem from the standpoint of whether we can expect by setting up a commission of this kind to improve conditions as they exist at the present time.

Some have pointed to the additional cost of establishing a commission of this kind. But costs are always justified where you provide greater efficiency; the well paid manager is better than the poorly paid manager if he is an efficient man. That is true always, and if there are in the social system abuses which the dominion trade and industry commission can correct, and I believe there are, then the cost is a small matter.

There is no question about the fact that there is a certain amount of regulation of business now. Those who cry against inter-

ference with business are actually crying out in favour of the interference that now prevails. I think it was very well established in the evidence that some organizations in this country were able to buy commodities from manufacturers and others at prices that would put the manufacturers out of business unless they got higher prices from someone else. H. G. Wells, in his book, Work, Wealth and Happiness of Mankind, points out that at one time the Standard Oil Company in the United States was able to do that very thing in connection with the railways. Whether it is done deliberately or not, the result is a differential between the price at which the mass buyer gets his commodities and the price at which his competitor obtains his. And so the question arises whether or not the spread is fair. I think it is quite evident, and it was generally agreed by the commission, that the spread was unfair; and the question then came up whether or not we ought to have a deliberate attempt to have regulation through the government. If the mass buyer is in a position to exact unfair discounts, so that the manufacturer or the other party who is selling to him must charge other retailers a higher price relatively, then I think we have something that justifies the government in stepping in. If the regulation is there now, if there is a partial regulation, if it is one-sided, I cannot see how we can avoid the responsibility of trying to establish effective and fair regulation in the interests of all classes of the community. Therefore I favour the establishment of a commission for that reason. That is one reason at least.

I wish to refer to the powers that are supposed to be provided in the bill for the federal trade and industry commission, and in this connection I would point to some of the arguments in the minority report as signed by three members of the commission. It is stated in this report that desirable regulation is that of the law of supply and demand. At page 276 there appears the following:

> Secondly, in parts of the main report there is a disposition to regard prices as being easily controllable by regulative measures of one sort or another, such as marketing schemes, regulation of business practices of large corporations, and control of corporate profits. We have been impressed time and again by the evidence presented before the commission that such regulative measures have, and can have, only a very slight effect relatively upon the principle of supply and demand. Our point may be illustrated by a brief reference to the tobacco and live stock industries.

Then there is a paragraph dealing with the tobacco industry. Briefly, it points out that because of the rise in the price of tobacco in the United States we had a demand for tobacco in Canada, and that this was really what raised the price. I submit however that while there is an element of truth in that statement, there was in the United States a deliberate attempt to deal with production and to raise price levels just as we had in the dominion. I have here a pamphlet entitled Agricultural Adjustment, a report of the administration of the Agricultural Adjustment Act, May, 1933 to February 1934, issued by the United States Department of Agriculture. At page 74 I find the following:

> Reduction of Production
>
> Of the estimated tobacco acreage planted in these districts in 1933, about 12,400 acres—or around 15 per cent—were taken out of production under the terms of the contracts signed by growers. Those who participated in the program took out of production, on the average, about one-third of the tobacco which they planted in 1933. Figures showing the extent of the sign-up and the amount of acreage taken out of production are shown in table 11.
>
> The plan for adjusting production was announced during the 1933 planting season and many growers, in anticipation of signing contracts, refrained from planting the full intended tobacco acreage. Growers of these types reported on March 1, 1933, intentions to plant 91,200 acres. The acreage harvested in 1933 was about 67,400 acres. This represents a reduction of 23,900 acres, or 26 per cent, from the acreage growers intended to plant in 1933.
>
> The reduction from 1932 was 50,900 acres, or 43 per cent.

Mr. YOUNG: Is that over the whole United States?

Mr. KENNEDY (Peace River): This is a report covering the tobacco industry, and this refers to one type of tobacco, cigar tobacco. Now as to flue cured tobacco:

> In July, 1933, the administration began to formulate plans for a program with respect to flue-cured tobacco. In its development, all the available facts with respect to production, consumption, and world carry-over were taken into consideration. It early became evident that any plan to increase the price of flue-cured tobacco must be based upon a control of production, because the production of this commodity in excess of consumption was responsible, in a large measure, for the low price paid to the growers. Surplus stocks had begun to accumulate as early as 1929, and by 1932 they were the largest on record. In 1931 the flue-cured crop totalled 665,000,000 pounds, and sold for an average of 8½ cents per pound. In 1932 the crop totalled 374,000,000 pounds and sold for an average of 11·6 cents per pound. On July 1 the 1933 crop was estimated at 591,000,000 pounds, which was about equal to the estimated annual world consumption of this tobacco. But as the 1933 crop grew toward maturity it became increasingly evident that it would be a large crop, well above the annual consumption. (The December estimate of the 1933 production was 708,000,000 pounds).

The result was that an attempt was made to reduce acreage.

A tentative contract was drawn up and offered to the growers, under the terms of which they would agree to reduce their production in 1934 and 1935, as required by the Secretary of Agriculture, by an amount not exceeding thirty per cent of the average of the years 1931, 1932 and 1933. Through the co-operation of farmers, warehousemen, state and county officials, business men and professional men the campaign was rushed to a successful conclusion, and within a week more than ninety per cent of all flue-cured tobacco growers had signed the tentative contract.

Armed with these agreements on the part of farmers to control production, negotiations were immediately begun by the administration with the buying interests to obtain an increase in the prices to be paid for the 1933 crop. It was believed that with a knowledge that the 1934 and 1935 crops would be reduced below the level of consumption, thus liquidating the surplus produced in 1933, the buyers would be willing to enter into an agreement to make a material advance in their prices.

A few sections follow dealing with the agreement, and then it continues:

Following the inauguration of the adjustment program prices materially advanced on the flue-cured tobacco markets. During the month of November the daily average prices for a number of individual markets frequently exceeded twenty cents per pound. As a result of this price advance it is expected that flue-cured tobacco growers will receive for their 1933 crop on the market about $30,000,000 more than they otherwise would have received. The estimated total value of the 1933 crop is $115,000,000 compared with $44,000,000 for the 1932 crop and $56,000,000 for the 1931 crop.

This tremendous increase in total income from flue-cured tobacco has given a great stimulus to business in the flue-cured area and has brought about renewed hope, enthusiasm and optimism on the part of tobacco growers. Many old debts and mortgages are being paid off, trade in every line has been stimulated, and the flow of commerce in many channels has been increased. All this has worked toward the attainment of the objectives of the Agricultural Adjustment Act by tending to give flue-cured tobacco a purchasing power equivalent to its purchasing power during the base period from August, 1919, to July, 1929.

My point is simply this, that the attempts in Canada to reduce acreage and to market the crop through an organization had an effect similar to the effect of the same policies in the United States—deliberate interference, if you like, with supply in an attempt to give the producers, who otherwise could not get a reasonable living out of it something like a fair standard of living. I think we must admit that while the effort in the United States had some effect in Canada, if the policy is fair in one country and resulted in the raising of prices to a reasonable level, it is proper that we should apply it in another country and that we should expect the same results. I have dealt before with live stock, and I do not think there is any need to argue that. The same policy was followed to some extent in the United States with regard to cattle. It is described in this volume, but I do not think I need read it. My point is that it cannot be argued that the law of supply and demand, as we have used that term, is the only rule that will affect prices, in view of the experiments in the United States and Canada with regard to primary commodities.

It is said that there are great dangers if we give this federal trade commission power to ratify agreements, when the commission is unanimously of the opinion that wasteful or demoralizing competition exists in a specific industry. Human beings have, of course, a tremendous range of adaptability, but we have no right to expect people to deliver commodities to the markets of the world indefinitely if the price is much below the cost of production. I think every effort made by the Dominion of Canada to raise prices to the primary producer, even if it cost the treasury some money, has been justified, because I do not think this country has any right to expect its primary producers to sell commodities at the ruinous levels at which they stood through 1932. It is in the national interest as well as a matter of simple justice that some attempt should be made to raise prices. If that is not so, then I submit that minimum wage laws cannot be justified, but I do not think it requires arguing to-day that minimum wage laws are justified; that is generally agreed. If it is fair that farmers and labour should have consideration of that kind why should not the same rule apply to industry? Why should we be afraid to give a commission power, if they find that an industry is selling its product at ruinous levels, to make a recommendation to the governor in council to stabilize prices as suggested in this bill? I will admit that there are dangers. I will admit that there are problems. But I do not know any reason why an industry that has had to pay its work people less than a living wage simply because the prices of the products were at ruinous levels should not have the right to present its case for assistance towards stabilization. Of course stabilization could be at too high a level, which might be unreasonable and unfair to the public. But I do not think that danger is very great. I would be willing to take the chance, because the hardships that some industries and agriculture and the labouring people of this country have been through in

the last four years require definite and specific remedy, and we ought to be willing to take some chance in an attempt to work out something better.

The argument has been advanced that every attempt to increase prices makes it all the more difficult for the consumer to buy. Well, that just depends on what prices are increased. I believe that when prices are ruinously low to the producer it is just as much a problem as when they are ruinously high to the consumer, and this commission and every other government agency, so far as it has deliberative power, must aim at prices that, as far as it is possible to ascertain, are fair as between the producers and the consumers. After all there is no such individual as a consumer or a producer; people are both producers and consumers, and if we can reach prices that are fair as between the two then in my judgment we will reach the best possible solution.

It has been suggested here that every other attempt at regulation should be cast aside and that our chief aim should be a lowering of tariffs to promote foreign competition. As between the various retail merchants of this country, mass buyers and small individual stores, I do not see that the lowering or increasing of the tariff would have a great deal of effect. If it did have an effect probably it would favour the people who have been in the most favourable position during these last few years, the mass buyers.

There is just one other thing I should like to say, having listened to the arguments of various witnesses who appeared before the price spreads committee and the commission. If their representations were fair, as I think they were in most cases; if they understood what they were talking about, and certainly a great many of the witnesses impressed me as knowing what they were talking about, the problems of trade and industry in Canada appear to me to be such that I do not believe it is too much to ask that another organization be set up in order to deal with them. I do not think the tariff board can take care of the duties they have at the present time and deal effectively with the problems that were presented to the price spreads and mass buying commission, and I believe the government ought to consider the advisability of establishing a commission separate from the tariff board.

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, if I understood the argument of the hon. gentleman who has just taken his seat (Mr. Kennedy, Peace River) it was to this effect, that because the United States government, by taking vast sums of money out of the treasury of that country and paying it to the farmers for not growing tobacco, were able to create an artificial scarcity of tobacco in that country and thereby raise the price, it follows that the Canadian marketing act, which we passed in this house a year or more ago, was responsible for the increased price of flue cured tobacco in Ontario last fall.

Mr. KENNEDY (Peace River): I should like to say that I did not say that at all.

Mr. YOUNG: My hon. friend says he did not say that. I hope he repudiates the idea.

Mr. KENNEDY (Peace River): I do not.

Mr. YOUNG: Then my hon. friend meant it. Now let us see what happened to the price of tobacco in Ontario last season. Prior to that there was a surplus of flue cured tobacco in the hands of the farmers of Ontario, amounting to some ten million pounds. In addition to that, one company, the Imperial Tobacco Company, the year previously had purchased some five million pounds of tobacco more than its normal requirements. That meant fifteen million pounds of tobacco in Canada more than ordinarily we would require, with a crop coming on. In the fall of 1933 the price fell to about 17 cents a pound, I think, and prospects were that the price would not be very good the next year. The manufacturers and the growers got together and tried to agree on a price; I think they did agree on a price of 27 cents a pound, but some of the manufacturers refused to sign the agreement. Later a scheme was organized under the marketing act and a board was set up. That board set the price of tobacco—and I say this with all deference to my hon. friend from Shelburne-Yarmouth (Mr. Ralston), who says boards have no right to set prices—by some means or other, for the year, at 24½ or 25 cents per pound. That price was agreed upon and all the tobacco was used up; all the tobacco was sold at that price, not only the crop of that year but the carry over from the previous year. To whom was it sold? It was not sold to consumers or manufacturers in Canada. British buyers of tobacco, who ordinarily go to Virginia for their flue cured tobacco, found that they could buy tobacco in Canada for 25 cents per pound while the price for the same tobacco in the United States was 32 cents per pound, so they came to Canada and bought their supplies. That was why there was an advance in the price of tobacco last fall. It was not due to the marketing act; it was due to the artificial scarcity created by the United States government at enormous cost to the United States treasury.

Now my hon. friend says that we should use money out of the treasury in order to raise the prices of those commodities that are being sold at a loss in order that all our people should get a fair price for their products.

Mr. KENNEDY (Peace River): No, I did not say that.

Mr. YOUNG: My hon. friend left that impression on my mind. I think he did say that there was justification for taking money out of the treasury in order to increase prices.

Mr. KENNEDY (Peace River): No, I did not say that.

Mr. YOUNG: Then I will leave it to Hansard.

Mr. KENNEDY (Peace River): I said there was justification for what the United States government did in connection with the control of acreage.

Mr. YOUNG: My hon. friend said there was justification for taking money out of the treasury, anyway. I think my hon. friend said that.

Mr. KENNEDY (Peace River): I did not say that.

Mr. YOUNG: Then we will forget all about the hon. gentleman and we will start at this point: My contention is that in fixing our price structure in Canada—that is, the prices at which commodities are sold—we should start with the world prices of our export commodities; that is the price we cannot control, the price the world is willing to pay us for the things we export. Then our policy should be to bring our domestic prices in line with those export prices. If we do that we put those of our citizens who are engaged in the business of producing commodities for export in a position to buy other commodities in this country. In that way they give employment to those producing those other commodities that we buy on the same level and it becomes possible to exchange labour, one class with another. But when you maintain domestic prices at a higher level than export prices you put a large section of our people out of the market; they cannot buy the products of their fellow citizens and they are not in a position to exchange their labour for the labour of others, and in consequence other people are idle because they cannot sell the product of their labour. That is what leads to unemployment and distress generally.

This evening I listened to the hon. member for Winnipeg South Centre (Mr. Kennedy), and as he argued I could not help but think of some of the arguments used yesterday in support of Bill No. 73. He contended we ought to pass this legislation because we have power to do so. I do not think we should be so much concerned with the question whether or not we have the power. The first thing we should decide upon is whether or not the legislation is desirable. As he argued in that way I was forcibly reminded of the old saying that no man can safely be entrusted with power except the man who does not want it. When you hear a man arguing that we should exercise power because we have it, then I say he is not a safe man to follow or to be entrusted with power.

Witnesses appearing before the price spreads commission were of all sorts and classes. They came to us with their grievances; we listened to them and then we asked what remedies they had to suggest. In nearly every case the suggested remedy was the same. They all said, "Eliminate our competitors, and we will be all right." That is all they asked—a monopoly in their own particular lines of business. The stockyards operators came before us and asked us to eliminate the competition of the packing houses and thereby force the farmers to send all their stock to the stockyard, so that in the end the stockyards would have the handling of it. The manufacturers came to us and asked not only monopolistic powers but what they called self-regulation in industry. They asked power to come together and form agreements, and requested that in such agreements they be allowed to determine who may be permitted to enter that business in Canada, at what prices they might sell, how much they might produce, and so on. The small merchants came before us and asked for the elimination of larger competitors. Even the trade unions were heard, and what did they ask? They asked not the right to join any union they wished, but the right to put competing unions out of business. Every person wants monopoly, yet inherent in every man is a distrust of monopoly. We are all afraid of it, though we all feel it would be all right if we were in on it. The distrust of monopolies is well founded; it is based on the experience of the human race and, I might say, on self knowledge. Our experience has been that whenever we are in the grip of a monopoly we suffer for it. In the bottom of our hearts we know what we would do if we had a monopoly, and that is why we do not want any other person to have one.

Mr. LOUCKS: That is quite a confession.

Mr. YOUNG: Yes, but we are all the same. The majority of the commission do not believe in monopolies, but they have argued in this way: We have a certain number of monopolies, and since we cannot do anything else with them we had better regulate them. That is the effect of the recommendation they made to the government. They recommended that existing monopolies should be sanctioned and regulated. The legislation brought down by the government provides for the sanctioning of monopoly but leaves out the other part, namely the regulation of it. I doubt if a single member of the commission would have signed a recommendation to sanction a monopoly without another provision for the regulating of it.

The objections to monopolies are twofold. First they oppress the consuming public. Having the whole market to themselves and fearing no competitors they charge their own prices, dictate their own terms and become as arrogant as you please. The second objection is that a monopoly always leads to extravagance and inefficiency. Those are the two great objections. No act of parliament can provide against the second effect. The proposal in the recommendations of the commission was for the regulation of monopolies, but all we can regulate in regard to monopolies are their dealings with the public. We may say to a monopoly, "You must pay certain wages; you must work certain hours; you must produce at a certain rate and you must charge certain prices." We might do all that, but no commission will ever be set up competent to go into the facts in connection with a monopoly and determine whether or not the factory in question was run efficiently. Extravagance and inefficiency will grow up, develop and keep on developing so long as a monopoly exists. It is impossible to regulate that feature out of it. The only regulation which will force efficiency upon a monopoly is that of competition. The spur of a competitor will force it to be efficient to a degree a commission or regulation could never attain.

Then, in regard to unfair trade practices, will anybody tell me what is fair and what is unfair in business? This afternoon the hon. member for Hants-Kings (Mr. Ilsley) pointed out that there were two kinds of unfair practices, those which were ethically unfair and those which were economically unfair. We may all decide that which is ethically unfair, but already we have laws against such practices. If those laws are not sufficient, let us make them sufficient. But when we come down to a determination of what is economically unfair we have an entirely different problem.

Let us go back to a consideration of tobacco. Complaints were made to the commission that the Imperial Tobacco Company were guilty of unfair trade practices in that they were not paying the farmer a sufficient price for tobacco. But that was not the only complaint made against the Imperial Tobacco Company. That was the complaint of the tobacco growers, undoubtedly, but it was not the complaint of the small manufacturer. The small tobacco manufacturers came before us and complained that they could not pay the price the Imperial Tobacco Company was paying. Their complaint was that the price was too high. Now, who will decide what is fair? Would a commission decide it? Would it not be better to have it decided by economic forces? Is it fair for a man in business to pass on any advantage he has gained from his higher efficiency or for any other reason? On the other hand, would it be unfair for him to pass that advantage on to his customer or to the consuming public? The mass buyer has a certain advantage over the small buyer, that of buying in large quantities. Because of his larger orders and because he pays cash he can buy cheaper than the small buyer. But he is under certain disadvantages, too. Being a mass buyer and operating in a large way he has to be more efficient than the small buyer, and efficiency costs money. He has to maintain a staff of supervisors and efficiency experts to keep all kinds of checks on his employees. That is an expensive procedure. Then, too, he lacks personal contact with his customers, something which the small merchant has and can maintain. There is a class of individual retail merchants of whom the mass buyer is afraid and with whom the mass buyer cannot compete. I refer to the individual merchant who will adopt the practices of chain stores and mass buyers. That is, he will be one who will clean up his premises, handle fresh goods, keep them moving and give as good service to his customers as the larger stores may give. That man, with the advantages I have indicated, plus personal contact with his customers, can back the mass buyer off the map. Not long ago I met a gentleman who told me that for twenty years he had sold shoes right across the road from one of the largest department stores in this country. He said, "If I could have got closer to them, I would have done so." I said, "How did you do it?" He replied, "By personal contact with my customers." He had the advantage of personal contact; the large store had the advantage of

a larger organization. I have no doubt that each was passing on to his customers the advantage he gained, and who would say that they were unfair in doing it?

I ask this question: Should a manufacturer be compelled to keep step with his competitors in all things? Or, if he finds a way of improving his methods and of producing and marketing his goods cheaper than any other person, should he not be required to pass on that advantage to the public—or at least should he not be allowed to do it? Let us take the example of a manufacturer who produces, we will say, $2,000 worth of goods in one week, and in the production of those goods he pays out in wages $1,000. Let us suppose that by greater efficiency, by installing new machinery or something of that sort, he can reduce his wage bill to $500. Should he not be allowed to sell his goods to the public $500 cheaper? If not, this is what happens. He dismisses just that many men, turns them out on the street without work and without wages, and puts that $500 in his pocket. The result is that these men are out of work and you have technological unemployment. Now if instead of requiring that man to put that extra profit in his pocket, if you required or even if you permitted him to pass it on to his customers in the form of lower prices, it would mean that $500 would be left in the pockets of his customers with which they would buy other goods, and the production of these other goods would pay wages to just as many men as were displaced by the labour saving devices he had installed in that factory. Yet this legislation would forbid a man to undersell his competitor simply because he could produce at a price which they could not, and the result would be a greatly increased measure of unemployment.

Mr. BAKER: From his experience in manufacturing would the hon. member tell us how a manufacturer could cut down his wage bill from $1,000 to $500 without taking it out of his employees?

Mr. YOUNG: I have just explained that.

Mr. BAKER: You have not had a large experience in manufacturing.

Mr. YOUNG: Perhaps my hon. friend could tell us whether stocking manufacturers do not sell stockings to-day much cheaper than they did ten years ago.

Mr. BAKER: You cannot cut down your wages from $1,000 to $500 without taking it right out of your employees.

Mr. YOUNG: It is proposed in this bill, Mr. Speaker, to regulate monopolies. My hon. friend from Hants-Kings said this afternoon that he did not think the Combines Investigation Act would be as well enforced under this legislation as it has been in the past. One big advantage in the enforcement of the Combines Investigation Act—as it has been done in the past has been that when would-be monopolists came to the registrar, and they came repeatedly, and asked, "Can we do this or that under the law as it stands?" he refused to tell them what they could or could not do. He would not encourage them to do a thing and afterwards have them say: Well, you told us we could do it. But this legislation proposes to do that very thing. It proposes to sanction any kind of agreement these people come along with, and in that way we shall encourage them to come along with all sorts of schemes, and you will have more combines than ever. The proper way to regulate monopolies, it seems to me, is by competition. Expose your monopolist to ruthless competition, and if he cannot compete, so much the worse for him; you have broken the monopoly.

Mr. LUCHKOVICH: How can the small retailer compete with the monopoly?

Mr. YOUNG: I have just answered that question, if my hon. friend had listened. We found in the investigation that every one of these monopolies had grown up under the shelter of a protective tariff, and without that tariff they could not live. When you have a monopoly producing any commodity in this country, and then you have competition entering the country from some unexpected source, how long is it until that monopoly is agitating for increased tariff protection, for some kind of government action to shut out the competing product?

Mr. BAKER: Without the tariff there would be tens of thousands more out of employment than there are to-day.

Mr. IRVINE: How would you prevent competition from leading to monopoly? That is what has happened.

Mr. YOUNG: By competition. No, that is not what has happened. A monopoly is created by eliminating competition. When the tariff is built up around this country it is a simple matter then, with outside competition shut out, for the domestic manufacturers to get together and form an agreement

or a combine or some sort of monopoly. Take down your tariff walls, let competition come in, and see how long that arrangement or combine will last.

Mr. BAKER: How many more would we have on the dole?

Mr. YOUNG: We should not have as many on the dole. If my hon. friend wants to know the cause of the dole, let him look at the tariff policy of the present government.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker this trade and industry commission for which the bill provides is really the means suggested of exercising government control over industry. I note that in the report of the royal commission on price spreads the methods of public control are enumerated, with brief comments made on each class of control. They are (a) the protection of private economic activity; (b) the promotion of private economic activity; (c) the encouragement of monopoly; (d) licensing; (e) the protection of the public from the excesses of competition; (f) the prohibition of monopoly and maintenance of compulsory competition; (g) government acceptance of monopoly with regulation; (h) government toleration of monopolistic or quasi-monopolistic industrial combinations; (i) public ownership and operation. So far we have heard a good deal about regulation, something further with regard to competition of the very freest kind, but there has been very little said with regard to this latter mode of controlling the situation by public ownership and operation. The report says, if I might read a paragraph, at page 251:

> The extreme example of government interrention is where the government engages directly in the ownership and operation of business enterprise. Government ownership and operation of postal services, schools, and roads provide some of the oldest examples. In violation of extreme individualistic theories, governments nearly everywhere have taken these enterprises out of private hands, sometimes simply because private enterprise could not profitably supply satisfactory service, sometimes because it did not operate to produce maximum social welfare. Public ownership for a variety of reasons—to provide a competitive check on private enterprise, to supplement ineffective regulations of monopoly, to control consumption, to provide revenue—has continued to expand until a world survey of such ownership to-day would include every type of economic activity. In Canada governments are directly engaged in such businesses as railways, steamships, street railways, telegraphs, telephones, radio, electric light and power, water, gas, stockyards, grain elevators, public markets, liquor sales, banking and insurance.

[Mr. Young.]

From my standpoint it seems rather unfortunate that the commission should not have given much greater attention to this means of regulation than it has done. For some reason or other, possibly because of the composition of the commission itself, it has chosen the path of regulation. It has rejected uncontrolled competition such as has been suggested by the hon. member for Weyburn (Mr. Young) and has chosen the method of state regulation. This bill which is now before us is the government's method for meeting the problem. This means that some of us who do not have very great faith in this method are placed in a rather awkward position when dealing with a bill of this kind. We may possibly vote in favour of it as being a small step in the recognition of the necessity for an ordered arrangement in society, but at the same time we recognize clearly that it is bound to be ineffective. We hear a good deal about regulation and we hear a good deal about unfair practices, but those of us who have in any degree adopted the socialistic analysis of society believe that our system as such is essentially unfair. We cannot hope that by merely regulating such practices we shall arrive at anything like an equitable state of society. Perhaps I could illustrate by refering to the age of chattel slavery. It might have been very well in those days to insist that there should be regulations under which the slaves should not be worked more than twelve or fifteen hours a day, or under which the slaves should be housed somewhat decently; there might have been regulations to prevent the slave owners from whipping their slaves but the fact is that the institution of slavery gradually came to be recognized as economically unsound and ethically unjustifiable. It took a civil war to abolish slavery in the United States. In the West Indies, largely through the efforts of Mr. Wilberforce, slavery as a system was done away with through government action, the slave owners being compensated to a certain extent for the loss of their slaves.

Some of us believe that the present system of capitalism under which a comparatively small number of people own and control the greater part of the production machinery of this country is essentially wrong in its very nature. It is becoming, like slavery, economically unsound and ethically unjustifiable. Under these conditions we cannot believe that petty regulations will solve the problem. The commission to be set up may do away with certain of the more gross forms of unfair practices; the amendments to the criminal

code proposed last night may further advance the cause by making actually criminal certain of these unfair practices; I submit that that is all to the good, but it does not touch the vital problem with which we are faced under this system of capitalism.

During the investigations of the committee and later of the commission on price spreads an attack was made particularly on the departmental and chain stores. Very great solicitude was expressed for the smaller merchants. I confess that I feel a great deal of sympathy for the small business men who are being gradually crowded to the wall. In my judgment they are the victims of that competition which has been lauded so by the hon. member for Weyburn. Competition has been given free rein with the result that the larger merchant and possibly the more efficient or in some cases the more unscrupulous merchant has been able to crowd out his less efficient or more scrupulous opponent.

I would point out that after all the organization of business into larger units has meant an added efficiency, at least up to a certain point. The farmers of western Canada patronize the large departmental stores because they find that these stores give services which they could not receive from the small local dealers. I have lived on the prairies and I know something of conditions from the early pioneer days. I have great sympathy for the local man in the small town who has helped to build up his community, but at the same time I recognize that under the competitive system referred to by the hon. member for Weyburn there are services which cannot very well be provided by the local man. It seems to me that by emphasizing the necessity of keeping the small business alive we are, as it were, trying to turn back the clock.

In a general way I should say that what is happening to-day to the small business man is closely paralleled by what happened to the labouring man one hundred and fifty years ago. I do not know why it is, but in our schools even to-day comparatively little emphasis is laid upon the profound effect of what is known as the industrial revolution which occurred in Great Britain, about a hundred and fifty years ago. Before that time the handscraftsman was supplying the needs of his own immediate neighbours. There was a certain amount of competition between individual workmen. But the factory was set up with its large machinery and the small man could not begin to compete with the larger organization. These small craftsmen had to leave their little village workshops to go to work in the factories, which meant a complete revolution in the industrial life of Great Britain. I have not the time to outline the economic, the social and the political changes which occurred as a result of that revolution, but I would point out that instead of free competition there was organized production; instead of each individual workingman being, as we say, his own boss, he became a wage earner. The owner of the factory determined largely the conditions of work, and owning the tools of production he was able to retain whatever profits were made, the workingman receiving only his wage, large or small. The abominable conditions which existed at that time led gradually to the enactment of the factory acts which ameliorated somewhat the conditions of the labouring man. Later on there was a development of trade unionism which helped materially to better the condition of labour.

In my judgment the business man to-day is very much in the position in which the industrial worker was at the time of the industrial revaluation. We have the organization of industry which is something like a concentration of effort within the walls of a factory. In many ways a large departmental store is like a factory and many of the smaller business men have had to desert their small businesses to work as departmental heads in such concerns as Eaton's. Instead of making their own profits, running their own businesses, they are simply hired men in the large departmental stores. Looking at things in the large way, it would seem as if this concentration in a comparatively few hands was an almost inevitable development and that the change that is taking place in our merchandising is very closely parallel to the change that took place in industrial life at an earlier period.

To-day we must recognize the large number of people who are living under the wages system. In the price spreads report, in the chapter Labour and Wages, I note on page 105 the following statement:

> Two-thirds (2,565,000) of the total working population of Canada (3,923,000) are wage-earners. If agriculture, in which over a million people are employed chiefly as proprietors, were eliminated, the proportion would be raised to nearly five-sixths.

That is to say, practically five-sixths of the population are to-day working, not under the free system of competition but under a system in which they are merely wage earners, forming a part of the large industrial organization. All the discussion that we have ad, and practically all the ground that is being covered by this bill, concerns directly at best a very small proportion of the population of

Canada, those people that are still in the stage of small industry, in the small business stage, who control or think they control their own affairs and are still in the competitive era. But the vast mass of the people to-day are no longer living under conditions of competition; they are wage earners, employees in great concerns in the conduct of which they have very little voice indeed.

A very similar process, although varying somewhat in detail, has taken place in recent years in connection with the farming industry. The farmer is still nominally his own master; he is still nominally a proprietor; but in effect at least two-thirds of the farmers of the west are so heavily under mortgage that they are practically under the control of the mortgage companies. They work long hours, they have to a considerable extent control over the details of their own work; but the mortgage companies step in and have the first claim on what they produce. That development has gone to such an extent that on a great many farms the mortgage companies and the banks are beginning to dictate the conditions under which even the farmer must carry on his work. Certainly when the farmer steps off his farm he is immediately brought into this larger organized sphere. He cannot get his implements unless they pass through a large number of hands, and so he has to deal with a certain monopoly of agricultural implements and all that sort of thing. He cannot buy his household necessities without coming in contact with modern industry with its monopolistic practices. He cannot sell his grain without coming in contact with the larger world outside. The proposal to establish a wheat board in Canada is simply the recognition of and the response to this new state of affairs which has developed, which means that we can no longer have free competition as between individual farmer and individual farmer, but rather that we must have some sort of control over marketing or processing or whatever it may be. We cannot go back to the period visualized by one or two members of the house, the old free individualistic society in which our grandfathers lived.

I regret indeed that the committee, owing to the terms of reference, could not make an investigation into the larger financial concerns as we have them in Canada. The hon. member for East Kootenay (Mr. Stevens) this afternoon referred to that matter, as he has been referring to it in a number of his more recent public speeches. In my opinion, concentration of finance in the hands of a comparatively small group of people is the most serious aspect of this present development. In the old days each man performed a whole round of activities for himself; he made his goods, he sold his goods, he financed the transaction. But gradually there has come about specialization with division of work, so that to-day one group of people manufacture goods, a second group do the merchandising in various ways and a third group of people do the financing; and we have developed to that stage where instead of the producer being the main factor or the distributor being the most important individual, as has been the case until recent years, the financier is the most important of the three. The producer can produce only as he can secure loans from the financial people, and the distributor can carry on only as he too can secure loans from them; and so to-day the financial people are in the very heart of the system.

Mr. BAKER: Is the hon. gentleman's statement quite correct?

Mr. WOODSWORTH: I hope so; it is my point of view at any rate.

Mr. BAKER: There are producers who distribute and finance their own transactions.

Mr. WOODSWORTH: I am speaking of the general tendency, and I hope the hon. member will permit me to advance my argument.

Mr. BAKER: You are making a statement that is not fair.

Mr. WOODSWORTH: It is my opinion.

Mr. BAKER: Well, it is unfounded.

Mr. WOODSWORTH: My opinion is that, looking at the present trend, the financial people occupy the central, dominating position in the whole economic structure; and as the hon. member for East Kootenay remarked to-day, it is a comparatively small number of people who practically control the whole situation. I think it must be six or eight years since in this house I placed on Hansard the names of the directors of our banks and other financial institutions and showed how through a system of interlocking directorates a few men control the greater part of the economic life of this country.

Some of us for years past have been urging that the control of finance is essential if we are really to control the other phases of our economic life. I still believe that. I do not think we can get very far until the country itself controls its currency and credit, its financial instruments. So I cannot be very hopeful of the efficacy of this legislation until such time as the state on its own behalf takes over

control of the currency and credit of this country. I do not intend to go further into that matter to-night; we in this corner have tried to emphasize that again and again. We may vote for the bill in the hope that it may bring about some amelioration in conditions and may do away with some of the more gross forms of unfair practices. At the same time, since it has not undertaken to control the financial mainspring of our economic life I cannot see that it is likely to solve any of our major problems.

Regulation then from my point of view cannot be effective. The only thing that can be effective is a change in our existing system. We believe that instead of a system built on the basis of profit we must have a system that is primarily designed, to supply the needs of the people. No other system will prove effective. This proposed legislation does nothing in regard to such a change of system. It is possible that it will provide machinery which later on may be used by an administration having the social ideal, but we cannot very well hope that it will produce very great results as long as the machinery is in the hands of those who still believe in the profit motive and in the present capitalistic system.

I know that it is difficult to impress upon Canadians the necessity for a new economic system. We are most of us children of the pioneers. Most of us have a good deal of the old pioneer psychology. Our fathers came to this country several generations ago and carved out for themselves homes in the wilderness; there was work for all who wanted to work, and there were unlimited opportunities for expanding their business affairs. That was the era of individualism, and undoubtedly it developed a great many excellent qualities in the people of that day. But we have passed beyond that stage. One of the major difficulties with us to-day is that, living in this complex state of society, we still adhere to the old traditions. Take our Slogan—"Competition the life of trade"; did we not all write that in our copy books? We were brought up to believe it.

An hon. MEMBER: Some still believe it.

Mr. WOODSWORTH: Yes, a few people who belong to the earlier day still believe it and still venture to say it. But they are anachronisms antique specimens, and we must not bother very much with them. The trouble is there are a good many of them lying around.

Mr. YOUNG: Do you mean lying?

Mr. WOODSWORTH: Yes, if you insist on the term, because they necessarily misrepresent the entire situation. We cannot have that free competition when we have these great combinations that exist to-day. Take the five-sixths of the population to which the price spreads report refers; they know nothing about that free competition. They are simply wage earners taking the wages handed to them, unless they can combine in sufficient strength to force a little more. They know nothing about free competition in production. We must learn to adapt our policies to the new age in which we live. I wonder if I may give once more an illustration that is a favourite of mine; I feel sure I must have given it in this house before—

Mr. GEARY: We always like to hear it.

Mr. WOODSWORTH: All right. I refer to the traffic regulations we have to-day. In the old days of the horse and buggy we could drive as we pleased, here, there and yonder. But in our modern cities with their congested traffic it has become absolutely impossible to go as we please. We have our traffic policemen, our traffic regulations, lights and so on, and we have to obey them. I do not see how we can avoid it. Even an individualist of the old school like the hon. member for Weyburn (Mr. Young) must conform to the traffic regulations.

Mr. YOUNG: But that is no reason why we should travel in a chain gang.

Mr. WOODSWORTH: You can talk about a chain gang, but we all remember that in the streets the automobiles wait until the light changes and then almost as in a chain gang go forward together until they are stopped again. I think that is a close parallel to the situation we face in dealing with legislation of this kind. In the old days we had more or less free competition which developed certain qualities in the individual that were good; it helped to develop the present type of economic life. But it also developed a great many abuses and caused an enormous amount of suffering. Now that accidents have become so frequent and the traffic is so badly congested, surely the time has come that we should in some intelligent way devise regulations that will enable us to get on with the business of the world. That I take it is what we are trying to do to a limited extent by this bill. Gradually we must get rid of that old time pioneer psychology and develop a social psychology, recognizing that we are living in a cooperative world and must therefore act in a cooperative fashion.

There is one other point I should like to mention. I said I felt like voting for this legislation because it is at least an attempt to do something to meet the existing situation. Frankly, I am dreadfully disappointed with the attitude of the Liberal party throughout this entire parliament. They have stood pat, they have refused to give their own solution; they know that the problem is there—if they do not the whole country does—yet they refuse to lift a little finger to help solve that problem. It would seem they have no solution. The only ones among them who are vocal say: Let us go back to the good old days of free competition, laissez-faire and all the rest. But that is not good enough for to-day. So, although I have not any great confidence in the effectiveness of legislation of this kind, I welcome it as at least a move in the right direction.

The fact is that we are facing what the old socialist writers used to call the inherent contradictions in the present capitalistic system. We cannot make it work very much longer. I had an instance of that only the other day, someone writing me in regard to the enforcement of the minimum wage. In trying to enforce the act we are turning a lot of girls out of work, as the employers cannot afford to pay the wage. I can see some ground for the contention that the hon. member for Weyburn brings forward so often, that is the difficulty of enforcing this type of legislation, the ineffectiveness of it. But I differ from him in that, while he wants to go back, I want to go forward. He wants to go back to a system that is outgrown. We cannot go back; the only thing is to go forward. And the Conservative party, contrary to its name, has ventured at least to look forward. I do not think it is looking forward very far; I do not think its proposals are going to get us very far, but at the same time it is saying: We must make some attempt to solve this problem. But in working out its policies it is going to be faced with these "inherent contradictions of the present system." For example, the attempt to do anything towards enforcing fair practices may easily penalize certain more efficient firms. I think probably that would be its most dangerous effect. That is one of the dangers connected with it. In the United States, to which reference was made earlier this evening, we have had millions and indeed billions of dollars poured out in an effort to make this system work. The effort has been to put purchasing power into the hands of the people. That seemed very essential; I believe it to be so, but so far that effort has not been successful. Instead of raising real wages and thus the standard of living of the people, it has succeeded only in putting up prices and creating greater dividends. Whether we like it or not to-day we are faced with fundamental contradictions in the system. Capitalism cannot be made to work very much longer; that is at least my opinion, and that is why I am advocating changes in the system.

[Mr. Woodsworth.]

It is not that I want to have a regimented population, as a matter of fact, we are regimented to-day by those people in St. James street, in Wall street and other financial centres; we are under their control. I want a cooperative system under which we will be free. Our present system—though collective—we do not control; we have an overhead control. What I advocate is a control exercised by the people themselves in a democratic fashion, a control that will no longer permit a few people to own the very tools by which we live, the machinery through which wealth is produced, but under which that machinery and those tools of production will be under the control of the people themselves.

That is the viewpoint I want to present once more to-night. I do not think it is understood by the majority of our people, but I feel confident that larger numbers are coming to understand. The best we can do for the time being is to seek to interpret these little pieces of legislation as movements in the direction of—indeed a part of—the larger movement which I have tried to outline to-night.

I propose to vote for the bill, though criticizing some of its clauses. I do so in the hope that it may prevent a few of the abuses that now exist and may lead us a little further along the road of reconstruction. Further it may help carry forward our education by showing the people generally how unworkable is any regulative measure under the existing system.

Mr. W. T. LUCAS (Camrose): Mr. Speaker, I doubt if anything that has happened in the last few years has stirred the people of Canada to such an extent as the shocking evidence brought out before the price spreads commission. In the mind of almost everyone there was a general feeling that all was not well, but official evidence was brought out before the commission which leaves no doubt as to the actual conditions that exist. I think it was the hon. member for Hants-Kings (Mr. Ilsley), speaking this afternoon, who said that it might be well to leave this legislation over to be dealt with by another parliament.

Mr. ILSLEY: One feature of it only.

Mr. LUCAS: One feature of it, at any rate. I think if there is one thing the people of Canada want and expect to-day it is action. We hear a great deal about the communistic propaganda that is being spread throughout the country. If there is anything that will spread communism in Canada it will be our failure to bring about some alleviation of the conditions that were exposed by this investigation. So I think a tremendous responsibility rests upon this parliament to see that speedy action is taken to bring about an improvement of conditions.

Up to the present we have heard a great deal, especially from our legal friends, as to what cannot be done. The question with which the people are concerned, however, is what can be done. The hon. member for East Kootenay (Mr. Stevens), in his very able speech this afternoon, referred to the tremendous monopolies that have been created in Canada in the last several years; he mentioned that 246 mergers took place between 1924 and 1930. I am of opinion that these mergers and monopolies could not have been carried through if it had not been for the fact that these men had the ability to manipulate finance, and if we want to deal with these monopolies I do not think there is any need to argue about the constitution. One thing is sure; this parliament has power to deal with finance, and until we reassert our sovereign power to deal with finance I am afraid we will continue to have monopolies as we have had them in the past. It cannot be said that up to the present governments have materially interfered with business management, so one must conclude that the responsibility for the present chaotic condition rests upon those who dominate the business life of this country.

I want it clearly understood that I am not making a blanket condemnation of all business, because I think it is well understood that the small business man finds himself in just as bad a plight as do the majority of other classes in the country. One hears a great deal these days, especially from opponents of government interference, about private initiative, rugged individualism and the pioneer spirit of our forefathers, and the argument is advanced that these qualities alone are needed to lead us out of our difficulties. It may be true, Mr. Speaker, that these qualities solved the problems of earlier times, the chief one being to provide sufficient to keep the people from starvation, or what is commonly referred to as the problem of scarcity, but that age is past. We no longer live in an age of scarcity; our great problem to-day is one of abundance. Prior to approximately one hundred years ago, down through all the centuries of time, there was very little advance in the art of greater production and the only agents a man had to assist him in making his living were his bare hands, a strong body, a few crude implements, and the animals which he trained. But following the discovery of solar energy and as the knowledge of its use increased, conditions changed rapidly. The main problem of our forefathers was one of scarcity. They were continually faced with the haunting fear of famine and starvation. Then what happened? Why has there been more progress in the art of production in the last one hundred years than there was in all the centuries that went before? In my opinion, Mr. Speaker, that has been so because of the spread of education among the people. Let me point out that it was in 1832, also about one hundred years ago, that the first reform bill was passed in England, that was the beginning of the spread of education to the masses, and it is interesting to note that as education improved and spread more rapidly among the people, tremendous changes have taken place in our productive system until to day the picture is completely changed. Rugged individualism and the pioneering spirit of our forefathers may have solved their problem, but it left us with an entirely different one, namely that of learning how to distribute the abundance we are now able to produce. But surely if our forefathers faced with the haunting spectre of starvation were able to overcome their difficulties, we to-day, freed from that fear, should find it much easier to face the problem which confronts us. Human beings are mainly creatures of habit and custom; and like the small boy with bad habits will not give them up until compelled to do so, and it is only necessity to-day that is compelling us to change our views on many matters; and the struggle is a hard one.

The fact we must realize is that we are living in 1935 and not 1835. In the past great changes have come about only after a bitter fight. In proof of that statement one has but to remember the tremendous struggles which have taken place to secure our religious and political freedom, the abolishing of slavery and so on. But once those rights were secured we would not go back to the old conditions. I believe the biggest fight now confronting the human race is that of gaining our economic freedom. The solid foundation upon which our British

civilization was founded was that of justice and fair play, and if we are to erect a superstructure in keeping with that foundation a great many changes will have to be made to curb the greed and avarice of certain predatory interests which threaten to wreck the whole structure.

The tremendous changes which have taken place in our industrial and economic life through the growth of the corporation, mainly since the beginning of the twentieth century, have relegated the individual to a secondary position, and no matter how strong may be his private initiative or pioneering spirit he is no match for the soulless corporation which opposes him. It has been the generally accepted idea that shareholders control the management of a company, but now we learn that to a great extent that is incorrect.

Let me quote one or two paragraphs from the report of the price spreads commission. At page 14 of the report, in that part dealing with the ownership and control of corporations, we find the following:

> The corporation has allowed the development of multiple ownership—that is, an indefinite number of people may own the corporation (and thus its assets) through the minute subdivision of ownership shares. This development has brought about a distinction between ownership and control.
>
> Under simple conditions, ownership implies the control of the thing owned. The development of the corporation, however, with its multiple shareholders, has made it possible for an individual to own without controlling, and to control without ownng.

Then on the next page we have an analysis of some 145 companies indicating methods of control in Canadian corporations. The summary at page 17 is as follows:

> The significance of the results above is further emphasized by the fact that very few directors owned more than one per cent of the voting stock of the companies they directed. In 91 of the 145 companies no directors owned more than one per cent of the voting stock. Of the 101 directors of the other 54 companies (owning more than one per cent of such stock) 60 of them held between 1 and 3 per cent; 25 held between 3 and 10 per cent; 7 between 10 and 20 per cent; 5 between 20 and 30 per cent and 4 above 30 per cent.

So we find that the individual has very little control. As the late Woodrow Wilson once said, all our activities are in the hands of a few dominant men who chill, check and destroy genuine economic freedom. The evidence brought out before the price spreads commission clearly demonstrates this fact.

[Mr. Lucas.]

The truth of it is found when we think of such companies as the Imperial Tobacco Company, Canada Packers Limited, Canadian Canners Limited, The Robert Simpson Company, Limited, The T. Eaton Company Limited and many others. Here we find managements composed of only a few men drawing huge salaries and bonuses, while the workers and the primary producers eke out a miserable existence. In addition to that about a million of our citizens have to depend upon charity. Of course the system is satisfactory for those who are in control. Men drawing salaries of $25,000 per year and over and bonuses of $40,000 to $60,000 have surely found Utopia. But is that justice; is it fair play?

Let me now turn to that part of the price spreads commission report dealing with wages paid in the tobacco industry. At page 115 I find the following:

> The most striking fact revealed by our evidence on the tobacco industry is the combination of low wages and high profits. In 1930, the average annual earnings of the workers on this industry, $662, were the third lowest in the 40 industries for which the Domnion Bureau of Statistics published data. Since that date they have declined to as low as $555.

Then, at a later point I find this statement:

> While workers in this company were being paid such low wages, an average of 28 chief executives received in salary and bonuses $616,318 in 1931, $506,982 in 1932 and $421,388 in 1933.

I would say at this point that if there is to be interference in business a maximum should be set as to the salary, including bonuses, which any one person may receive. One thing is certain, that the highly paid executives to whom we have been taught to look up and to consider as supermen have shown no great ability either in preventing or in leading us out of the present collapse. A publication of the Department of Labour indicates that a family budget requires from $800 to $1,000 for food and housing alone. On this basis a family would require from $1,200 to $1,500 to meet the minimum requirements for a decent standard of living. When one learns, however, that out of 1,947,771 male wage earners reporting at the last dominion census 1,178,975 or 60·53 per cent reported as receiving less than $1,000 per year, and that including all male wage earners the average yearly earnings amounted to $927, and for the female wage

earners only $560, one realizes the seriousness of the situation. Is it any wonder that under these conditions we have poverty and unrest in Canada? I shall now place on record a table showing the classification of earnings as indicated by the last census reports:

Earnings	Males		Females	
	Number	Per cent of total	Number	Per cent of total
Under $1,000	1,178,975	60.53	437,409	82.77
$ 1,000 to 1,499	400,781	20.58	71,836	13.60
1,500 to 1,499	198,577	10.20	14,173	2.68
2,000 to 2,999	112,527	5.78	4,485	.85
3,000 to 3,999	33,895	1.74	440	.08
4,000 to 4,999	9,959	.51	62	.01
5,000 to 9,999	10,982	.55	51	.01
10,000 to 24,999	145	.10	1	.01
25,000 and over	145	.01	....	....
Totals	1,947,771	100.00	528,457	100.00

If hon. members will study that table they will find it very illuminating and it will give them an idea of the small number who are earning sufficient to provide a decent standard of living.

When we come to agriculture, it is even worse. In 1930 the net value of agricultural production in Canada, according to the Dominion Bureau of Statistics, was $758,791,743, and in 1931 it was $538,192,000. Deducting from $758,791,743 the ordinary payments such as taxes, rents, interest on mortgages, repairs and so forth in order to arrive at the farmers' personal income, it is estimated that the amount would be in the neighborhood of $500,000,000 in 1930. In the census year there were 728,623 farms in Canada, so that the average income per farm would be slightly less than $700. This figure would include cash income and the value of products raised on the farm for consumption by the farm population. The farm population other than hired workers was slightly more than three million persons in 1931, so that we have thirty per cent of the Canadian population subsisting on an income of $500,000,000. Those are the figures for 1930, and from that year until 1933 the value of farm production fell tremendously and the farmers' income was reduced by about one-quarter.

There is something terribly wrong with the distribution of our national income when, as disclosed in the income tax returns for 1932, only 203,957 persons out of ten and a half millions, in other words only about two per cent, were able to pay the tax. With all male wage earners getting an average of only $927 per year, female wage earners an average of $560, and with farm income from $500 to $700, and on top of this with 1,250,000 of our population on relief, is it any wonder that conditions are bad?

In the shocking evidence brought out before the price spreads committee we heard of workers getting as low as two and three dollars per week. Here is a clipping from one of our Ottawa newspapers carrying the following headline:

> Skilled men get $3 weekly pay.
> Average wage for 26 furniture plants is placed at $9.94.

The article goes on to say:

> Weekly wages of $3, $4 and $5 to skilled workmen were found to-day when the royal commission on mass buying investigated the furniture industry, which centres in Ontaro and Quebec. Boy apprentices were paid as low as $1.68 a week and women received $4, $5 and $6.

The Ottawa Journal commenting on these facts on June 22, 1934, has this to say in part:

> In considering evidence before the Stevens parliamentary committee, all of us should want to be fair. Fairness, however, must work both ways, and it is hard to read of what was told to the committee on Wednesday without indignation—or shame. Consider the following, concerned with the operations of a boot and shoe factory in Quebec:
>
> It has made substantial profits for four years.
>
> The average weekly wage paid women employees in October, 1933, was $8.75.
>
> The average for 172 men was $9.39.
>
> Of the 172 men, 126 were married, with 401 dependents.
>
> Eighty-two men received less than $6 a week.
>
> In one department only two of 55 girls received the minimum wage, and boys received $2.50 and $3 for a week of 52 hours.
>
> Business itself, decent business, can't afford sweated labour. More than that, and more important, Canada can't afford it. Cheapness may be important, may be often desirable. It is not as desirable or as important as the maintenance of Canadian citizens in a condition of human dignity and decency.

Last fall we read in the press a story about twelve hundred miners in Hungary who went down into a mine and refused to come up because of the starvation wages that were

being paid them. It was reported they were receiving two dollars per week. They decided to die rather than try to live under those conditions. And yet, Mr. Speaker, we have right here in Canada conditions almost as bad. It is enough to make every decent Canadian hang his head in shame. Yet these conditions have been brought about or have come about with highly paid executives in command. I do not say that they are entirely responsible, but they are the men who have been in control, and with no government interference; they have had a free hand. Yet there are those who say: Hands off business and let these terrible conditions continue.

I think it is safe to say that everyone in Canada and indeed in most countries of the world is dependent for his daily happiness not merely upon the protection of his own property rights but also upon some limitation of the property rights of others. There seems to be gradually emerging from generations of trial and error, from hard work and hard thinking, a broad principle which can be soundly applied in the writing of laws needed to protect the public and private interests in business enterprise, the principle that every right carries with it a corresponding obligation, that every freedom carries with it a corresponding servitude. The right to own a cobbler's tools and the freedom to make shoes as and when and where one wished carried with it little social obligation and imposed little servitude. But the right to own the factories that are sufficient and necessary to produce the shoes of a nation and the freedom to control the operation of these factories carries with it a heavy social obligation and a servitude to the nation. No community can long sustain by law the right of any one man or group of men to decide by the wisdom or folly of their arbitrary decisions whether a community shall be well fed, well clothed or well housed, or shall starve and shiver in hovels. Those who seek power must accept obligations, and so as the property under individual control increases, the owner's social responsibility must likewise be increased as a matter of law. Public obligations must be imposed in exact proportion to the public interest. The owner of a ten acre farm or a little business may operate his property, may run his business to suit himself, but the owner of 100,000 acres or a huge factory has power to give a thousand men employment and the opportunity to earn a living, or to deny them that opportunity or grant it only on oppressive terms. The operation of any great business furnishes opportunities for employment to thousands of men, whereby they obtain the wages which are the means to life and liberty, and whereby they produce goods to meet the needs of thousands of consumers. Surely the community has a claim against the owner of such a business for a wholesome use of its property rights which is at least as valid as the claim of the owner of the business for a wholesome protection of his property rights by the community.

We are inclined to boast a great deal about the liberties and freedom of our people, but I say without fear of contradiction that the present system has brought about the most insidious form of slavery that has ever existed among the human race. If any man challenges that statement just let him place himself in the position of some of those lowly paid workers, and then he will very soon realize that he has neither liberty nor freedom. When one sees the poverty of the many on the one side, and the affluence of the few on the other, one sometimes wonders at the patience of the workers. I should like to quote briefly from a speech made before the Canadian Club in Ottawa last December by the Hon. W. D. Herridge, Minister to Washington. He said in part:

> Are those who are profiting entitled to the same tags of virtue and innocence as those who are suffering? Are the former beyond all criticism and indeed like sweepstake winners, to be congratulated as the group arbitrarily chosen by providence to be the beneficiaries of a system which just won't work in any other way?

This total disregard for human welfare, this blind grasping for huge profits, belongs to an age which is passing and it cannot pass too soon. We are beginning to realize that we are all in the boat together and profiteers will not be tolerated much longer. They should not be permitted to scuttle the welfare of whole large groups and play havoc with honest business. A great deal has been said about respect for the constitution, and I should like to quote John Bright as follows:—

> I believe there is no permanent greatness to a nation except it be based upon morality. I do not care for military greatness or military renown. I care for the condition of the people among whom I live. There is no man in England who is less likely to speak irreverently of the crown and the monarchy of England than I am; but crowns, coronets, mitres, military display, the pomp of war, wide colonies and a huge empire, are, in my view, all trifles light as air and not worth considering, unless with them you can have a fair share of comfort, contentment and happiness among the great body of the people. The nation in every country dwells in the cottage: and unless the light of your constitution can shine there, unless the beauty of your legislation and the excellence of your statesmanship are impressed there on the feelings and condition of the people, rely upon it you have yet to learn the duties of government.

We all know that a fair share of happiness and contentment does not exist among the masses of the people. How can it with the wages received by ninety per cent of the people? I should like to make a short quotation from a report presented to the League of Nations, as follows:—

> Millions of children are the innocent victims of the world's economic depression.
>
> The general lowering of the standard of living "from which millions of families totally or wholly unemployed have been suffering for a long time past, constitutes a serious danger to public health," states the report presented by the international labour office to the child welfare committee of the league of nations.

And again:

> The dangers to which the health of the children of the unemployed are exposed are lack of clothing and bodily care, deterioration of housing conditions and underfeeding.

And again:

> As a whole, the information collected by the international labour office shows that the economic crisis has produced almost everywhere such a reduction in conditions of life that there is grave danger that millions of children will not be able to grow up in normal conditions of health.

Every hon. member should be impressed with the realization that many of the rising generation is being undernourished; it is facing a handicap which will possibly never be overcome in this life. These matters should give us grave concern. Why does this condition exist? Is it that we have not the resources, the man power or the plant and equipment to supply all with abundance? Of course not. Our resources have only been scratched, we have over half a million idle men pleading for work and a chance to live. Our plant and equipment is working less than fifty per cent of full time. A headline which appeared in one of the Ottawa papers last winter, commenting on the price spreads report, stated that the Canadian milling plants could supply the entire world.

Mr. YOUNG: That is wrong.

Mr. LUCAS: I was simply quoting a headline which appeared in one of the papers. If the hon. member believes it is not right he can take that up with the newspaper. I am told that if the shoe factories in the United States worked full time for seventeen days they could manufacture sufficient shoes to last the whole nation for one year. It is general knowledge that the productive capacity of our plant and equipment is far beyond the ability of our people to purchase. On the one side we have a tremendous capacity to produce; on the other side we have a tremendous unfilled demand, but there is a barrier between. We have the resources, we have the man power, we have the plant and equipment and we have the demand, but we have not the purchasing power with which to make the exchange and in my opinion until we deal with this matter our efforts to bring about an improvement will be of little avail.

Surely no one will say that he is satisfied with present conditions. The committee dealing with price spreads considered many of these problems and brought in a report recommending that certain rules should be laid down for the governing of business and that legislation should be introduced to see that the game was played according to those rules. The question is whether we are going to see that that end is brought about, or are we going to continue the unfair rules which exist to-day. It is a onesided game which enables 64,434 persons out of a population of over 10,500,000 to obtain some or all of the luxuries of life while the rest have difficulty in obtaining the necessities. These figures are taken from the income tax returns and show the number paying tax on incomes of $3,000 and over. Business and industry have had a free hand and having failed to make proper rules it then becomes the duty of the state to interfere and endeavour to evolve rules which will be fair and satisfactory to all concerned. But if we are to make these rules we should have a complete understanding of the game.

While I have no criticism to offer of the investigations carried on by the price spreads commission as far as they went—in fact I believe they were restricted by the reference—I claim that they left untouched the most important problem of all, that of finance and its relation to our economic life. I would make this suggestion: No matter which party may be in power after the next election, one of the first things which should be undertaken is a full and complete investigation into our whole financial system. There is no question about our power to deal with such a matter in this parliament. Last year a group of prominent business men appealed through the London Times for such an investigation in Great Britain. The London Chamber of Commerce, the Southampton Chamber of Commerce, the British Rotary and other bodies are on record as asking for a change in the financial system of Great Britain. In my humble opinion until something is done to bring the factor of consumption more nearly into balance with our greatly increased factor of production, our efforts to improve conditions will be of little avail. The greatest thing we can do to-day to help industry is to give it a chance to produce. The producer is being strangled simply becouse he cannot sell his goods, the very goods which the

people would buy if they had incomes large enough to do so. Everywhere people are beginning to realize that there is something wrong with our system of distribution. The fundamental principle of finance is to facilitate the distribution of goods; it superseded the barter system. We all know why we have an agricultural industry; we all know why we have developed an industrial system; we know why we have a transportation system. But why have we built up a financial system? In my opinion it is simply to facilitate the distribution of goods among the people, and apparently it is not functioning properly. Henry Ford put the situation very well when he said:

> Although money is supposed to represent the real wealth of the world, there is always more wealth than there is money and real wealth is often compelled to wait upon money thus leading to that most paradoxical situation, a world filled with wealth but suffering want. The poverty of the world is seldom caused by lack of goods but by a money stringency.

We hear a great deal about sound money and one is inclined to ask, what is sound money. I think it reasonable to say that a sound money system is a system that works, a system that makes effective the necessary demands for goods. Our present money system is therefore anything but sound. In this connection I might quote the following extract from the London Times under the heading Money System's Disease:

> Money System's Disease
> The Times (London)
>
> There are millions of decent, hard-working people and their children in the richest countries in the world, including ours, who are living below the poverty-line at this moment. Why? Is it because of scarcity? No. It is because of over-abundance. That is the supreme paradox of our generation. We are producing too many and too much of the commodities that these poor people need, therefore they must go without. The prolonged flood of good things has created a drought.
>
> There is too much corn, too much beef, mutton, bacon, butter, and in order to cure it millions of deserving people have to be kept on half rations. We are turning out too many clothes, too many boots, so little children in the distressed areas must go in rags and tatters until this overproduction is stopped—of the very things for lack of which they are shivering in this damp climate.

Certainly we in Canada have an abundance of practically everything we need. Our labour is of a high standard; our machinery is of the best; our electrical and other power now developed—and that development is only in its infancy—is equal to one hundred and fifty million slave men ready and willing to do our bidding. No one will say that we have not sufficient transportation; our banks are efficient and adequate and our retailing equipment is more than adequate. Thus purchasing power in the pockets of the people is the only thing lacking. This can be secured not by using the printing press but by a scientific credit plan to balance consumption more nearly with our production. This can be secured by a national credit account based, not on a gold reserve but on the country's capacity to produce. Just as slavery lifted the burden of toil from the backs of the free citizens of olden days, so should the power-driven machine do now. The machine is now our slave instead of the human slave as in olden times.

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

Mr. BAKER: May I ask the hon. gentleman a question? He quoted something in which reference was made to children going without shoes, and shivering. I hope there are no such cases in Canada. Certainly there are none that I know of. If there are, they should be reported to the government.

Mr. LUCAS: Unfortunately I had to go to hospital during the past winter and while there I discussed this problem with many of those in authority, and I was told that in the public wards there were very many children and older people as well who came in undernourished. There are many cases in Canada where people are suffering for lack of proper nourishment.

On motion of Mr. Heaps the debate was adjourned.

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

Wednesday, June 12, 1935

The house met at three o'clock.

RAILWAY COMMITTEE

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

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

Motion agreed to.

PENSIONS FOR THE BLIND

THIRD REPORT OF SELECT STANDING COMMITTEE ON INDUSTRIAL AND INTERNATIONAL RELATIONS

Mr. F. W. TURNBULL (Regina) presented the third report of the select standing committee on industrial and international relations, as follows:

Your committee has held two sessions and has heard statements from eleven persons with respect to the subject matter of the resolution referred to it for consideration under an order of the House of Commons, dated January 31, 1935, which resolution reads as follows:

"Resolved that in the opinion of this house the provisions of the Old Age Pensions Act should apply to blind people over forty years of age."

The committee has under instructions of the House of Commons reconsidered the said resolution, together with the instructions of the House of Commons—

"That they have power to amend their second report by recommending that the house pass a special blind act applicable to the nine provinces of the dominion and providing pensions for the blind over forty years of age on the same basis as the Old Age Pensions Act."

As persons seventy years of age and over, whether blind or not, fall within the application of the Old Age Pensions Act in its present form, your committee considered the position of the blind persons between the ages of forty and seventy.

Evidence submitted to the committee indicated that the Old Age Pensions Act is in force in only seven provinces out of nine and its provisions therefore when amended will not affect blind persons living in the remaining two provinces unless these provinces subsequently adopt the Old Age Pensions Act or the proposed amendments thereto.

It is also indicated that records of organizations interested in the blind place the number of the blind between forty and seventy years of age at 3,016 in the whole nine provinces. After making fair deductions, it was stated that approximately 2,600 persons would be affected by legislation requested by the said resolution. These figures are sufficiently in harmony with census returns to be considered reasonably accurate.

The estimated expenditure by the dominion government on the present basis of contribution, occasioned by the proposed legislation, if the above figures are accurate and allowing the maximum of $240 per person per annum, would be under $500,000 apart from administration expenses and the expense for the present fiscal year would probably be less than $125,000.

The committee regrets that an amendment to the Old Age Pensions Act may result in lack of assistance in those provinces that may not feel inclined to adopt appropriate legislation to bring such amendment into effect within their respective borders.

In view of all the circumstances, including possible constitutional difficulties, the committee recommends that the government of Canada consider amendments to the Old Age Pensions Act in such manner as to make that act apply to blind persons of forty years of age and over. The committee are of the opinion that in drafting such amendment provision should be made whereby any province might by appropriate provincial action, provide for the operation of that portion of the act dealing with pensions for the blind without the necessity of providing for the operation of the whole act within such province.

All of which is respectfully submitted.

F. W. Turnbull,
Chairman.

Mr. TURNBULL moved that the report be concurred in.

Mr. SPEAKER: By leave of the house—

Mr. LAPOINTE: Mr. Speaker, I would like this report to be printed in the votes and proceedings, before it is moved, so that we may know exactly what we are voting upon.

Mr. SPEAKER: Motion stands.

RADIO BROADCASTING

Hon. ALFRED DURANLEAU (Minister of Marine) moved for leave to introduce Bill No. 99, respecting radio broadcasting.

Mr. MACKENZIE (Vancouver): Explain.

Mr. DURANLEAU: The only purpose of the bill is to extend the life of the Canadian radio broadcasting commission up to the end of the present fiscal year.

Motion agreed to and bill read the first time.

POST OFFICE ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 100, to amend the Post Office Act.

Mr. MACKENZIE (Vancouver): Explain.

Mr. GUTHRIE: This bill stands in my name by reason of the fact that it is a legal and somewhat technical matter and involves a very slight change in section 77 of the present Post Office Act.

Mr. POULIOT: Is it too technical for the Postmaster General?

Mr. GUTHRIE: The section to which I have referred provides that mail contracts may be renewed. The provision in the act is that they may be renewed on conditions advantageous to the public interests for a further term not exceeding four years. This has been the law of the land for many years, and the interpretation placed upon it has been that it enabled the Post Office Department to renew not for a further "term" but for further "terms,"—succeeding terms of four years. That has been the practice for thirty or forty years. The auditor general has pointed out that all the act authorizes is one renewal for a further term of years. This bill is to correct that condition, by adding the words "term or terms."

Mr. CASGRAIN: There is nothing very technical in that.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*TRANSLATIONS OF PUBLICATIONS

Mr. FAFARD:

Does the government intend to have a French translation made of bulletin No. 72: "Birds of Canada," by P. A. Taverner, also memoranda numbers 126: "Botanical Exploration of the North Shore of the St. Lawrence," by H. St. John; 146: "Retreat of the Last Ice-Sheet in Eastern Canada," by Ernest Antevs; 154: "Geology of Anticosti Island," by Twenhofel; 162: "Peat Bogs in Southeastern Canada," by Vaino Auer?

Mr. CAHAN: With respect to this question, the translations of the various bulletins issued by various government departments is a matter entirely within the control of the officers of those departments. I have made inquiries and I learn that no instructions have been given to the bureau for translations to make translations of these documents. Therefore, so far they have not been translated, published or laid upon the table of the house. However, it is a matter entirely within the discretion of the department which issues the bulletins, and if there are any special bulletins which it is desired should be translated into French and published I have no doubt the head of the department in question will upon request see that such translations are made.

REBATES UNDER TARIFF ITEM NO. 1035

Mr. STEVENS:

1. What is the total amount of rebates granted under tariff item 1035, schedule "B" of the customs tariff during the period June, 1934, to April, 1935, inclusive?

2. What is the total amount of duty originally collected on the imports represented by the rebates granted as per the last preceding paragraph?

3. What was the total amount of rebates claimed in the original applications?

4. Were any rebates granted during the period indicated in paragraph (1) on goods imported prior to the month of June, 1934; if so,

(a) What portion of these rebates applies to such prior period? and

(b) What portion applies to the period of June, 1934, to April, 1935?

5. In each case, was the rebate authorized by a minute of treasury board?

6. In each case was such minute of treasury board, if any, confirmed by order in council?

7. Will the government state under what statute the Department of National Revenue is authorized to refuse parliament information regarding rebates made by that department under tariff item 1035, schedule "B" of the customs tariff?

8. Is the authority under which rebates are paid out of the consolidated revenue fund based upon section 12 of the Customs Tariff Act?

[Mr. Casgrain.]

9. Is there any other statutory authority authorizing the governor in council to pay rebates out of the consolidated revenue fund; if so, what statute?

Mr. MATTHEWS:

1. $162,660.44.

2. $271,100.73.

3. $204,450.50.

4. Yes. (a) All; (b) None. Four claims for refund totaling $9,182.95 were paid, however, on the basis of item 1035 covering machinery imported during the period June, 1934, to April, 1935, under orders in council passed under authority of the Revenue and Audit Act.

5. No. The department honours claims for drawback qualifying under the provisions of schedule "B" of the customs tariff when presented to customs within three years of the date of importation.

6. Yes, in cases where orders in council wer obtained.

7. There is no statutory authority. It has always been the practice not to give information that would divulge the business of an individual importer. The question has been raised on many occasions under different administrations.

8. Drawback claims on materials set forth in schedule "B" of the customs tariff are paid under the authority of section 12 of the customs tariff. Drawback of customs duty in respect of goods exported is paid under regulations governing customs drawback established by orders in council under the provisions of the customs act.

9. Yes. Section 33 of the Consolidated Revenue and Audit Act, chapter 27, George V, 1931.

STE. FAMILLE, ISLAND OF ORLEANS, MAIL CONTRACT

Mr. BOUCHER:

1. Who is the present contractor for carrying the mail at Ste-Famille, Island of Orleans, on the northern side of the island, and since what date?

2. What remuneration does he receive in connection with such services?

3. Does such contractor carry the mail himself?

4. If not, did he let a sub-contract?

5. If so, who is the sub-contractor and what sum does he receive from the contractor?

6. What sum was paid to the former contractor?

Mr. SAUVE:

1. Eudore Pichette, by transfer on April 7, 1928.

2. $595 per annum.

3. Occasionally, but most of the time service is performed by his two sons and contractor furnishes all equipment.

4. No.

5. See answer to No. 4.

6. $595 per annum.

MILITIA ORDERS

Mr. POULIOT:

1. Referring to sessional paper 335 of May 20, 1935, was militia order 116 of 1933 to the effect that "officers attending courses in England will in future address all correspondence pertaining to leave of absence, pay and allowances, etc., or any other matters which may require action by national defence headquarters to—The Secretary, Office of the High Commissioner for Canada, The Canadian building, Trafalgar Square, London, S.W. 1," approved by the war office, and the admiralty?

2. If so, was the abovementioned Secretary of the office of the High Commissioner for Canada thus acting on behalf and for the War Office and the admiralty?

3. If not, does it mean that Canadian Officers attending courses in England did not have to report either to the war office or to the admiralty?

4. Same question with regard to other ranks attending courses in England and mentioned in militia order 157 of 1933 contained in the abovementioned return.

Mr. STIRLING:

1. No.

2. Answered by 1.

3. Canadian officers attending courses in England are not required to report either to the war office or to the admiralty, unless expressly instructed to do so by the department.

4. The same answers as for 1, 2 and 3.

OFFICERS VISITING GREAT BRITAIN

Mr. POULIOT:

1. Was militia order No. 153 of 1932, respecting Canadian officers visiting Great Britain, republished in militia order No. 118 of 1935 at the request of the war office?

2. If so, was it on account of or because of the issuance of militia orders 116 and 157 of 1933?

3. At what date were the militia orders mentioned in the preceding paragraph brought to the attention of the war office?

4. Same questions for militia order No. 154 of 1932 republished in militia order 119 of 1935.

Mr. STIRLING:

1. No.

2. Answered by 1.

3. Were not brought to the attention of the war office.

4. The same answers as for 1, 2 and 3.

PUBLICITY AND ADVERTISING IN UNITED KINGDOM

Mr. POULIOT:

1. Was one or were several certificates of encumbrance issued for the expenditure of $100,000 under the authority of the High Commissioner for Canada in England, being an appropriation for publicity and advertising in the United Kingdom and Europe, in the fiscal year 1933-1934?

2. If so, what was the date and amount of each certificate, to whom was it issued and in virtue of what authority?

3. Was the expenditure of the above mentioned sum of $100,000 for advertising a business involving questions of policy?

4. If so, was the High Commissioner for Canada communicated with through the Secretary of State for External Affairs?

5. If not, why was this not done?

Mr. BENNETT:

1. Yes.

2. See attached list for date and amount of certificates of encumbrance and purpose for which expenditure was to be made. These encumbrances were made on the recommendation of the high commissioner and the approval of the Department of External Affairs.*

3. Yes.

4. Beginning with the fiscal year 1933-34 expenditure for publicity in the United Kingdom and Europe was directed by the high commissioner who is responsible to the Secretary of State for External Affairs. Communications on this subject, therefore took place between the high commissioner and the Department of External Affairs.

5. Answered by No. 4.

*Date	Amount	Purpose for which expenditure to be made
May 18, 1933..	$7,616 00	Salaries of permanent staff in London, England, for the fiscal year 1933-34.
May 18, 1933..	$2,820 00	Salaries of temporary staff in London, England, for the fiscal year 1933-34.
May 18, 1933..	£250.0.0	Amount required for the execution of small items of printing in the united kingdom.
May 18, 1933..	£120.0.0	Amount required to renew the arrangement with the Empire Homemakers' Institute, 12 Regent street, S.W. 1, the sum of £40 per month from the expiry of the existing contract until 24th June.

*Date	Amount	Purpose for which expenditure to be made
May 18, 1933..	£1,000.0.0	Amount required for the first two out of a program of four Canadian shopping weeks to be held during the fiscal year 1933-34 in the British Isles.
May 18, 1933..	£1,620.0.0	Amount required for a contract with Service Newspapers Ltd., the sum of £1,620, the contract to provide for one page in each issue of each of twenty-seven Service Journals, together with displays of Canadian goods periodically at all the principal navy and army canteens throughout the British Isles.
May 18, 1933..	£1,950.0.0	Amount required for sundry office expenses, London.
May 18, 1933..	£300.0.0	Amount required for the services of Mr. James Spence for editorial publicity purposes for the fiscal year 1933-34 at the rate of £25 per month.
May 18, 1933..	£750.0.0	Amount required for poster advertising in connection with exhibition fixtures, Canadian shopping weeks, etc., the sum of £750.
May 18, 1933..	£37.16.0	Amount required to renew existing contract with the Canadian Chamber of Commerce in Great Britain for one page monthly in the Chamber Bulletin at £3.3.0 per page.
May 18, 1933..	£1,000.0.0	Amount required for general press advertising in the united kingdom.
May 18, 1933..	£335.0.0	Amount required to undertake a preliminary canvas of the principal retail grocers in the united kingdom the sum of £335 with a view to preparing a list of stockists of Canadian goods throughout the country.
May 18, 1933..	£365.0.0	Amount required for theatre lantern slide advertising in connection with the activities of the exhibition commission, the sum of £365.
June 30, 1933..	£500.0.0	Amount required for two pages of space in "Canada" weekly to articles calculated to promote Canadian export trade, etc., for the period April 1, 1933, to March 31, 1934.
June 30, 1933..	£500.0.0	Amount required for two pages of space in "The Canadian Gazette" weekly to articles calculated to promote Canadian export trade, etc., for the period April 1, 1933, to March 31, 1934.
June 30, 1933..	£275.0.0	Amount required for a full page advertisement and a minimum of two pages of editorial matter devoted to Canadian economic matters in each issue of Empire Mail for the fiscal year 1933-34.
June 30, 1933..	£4,350.0.0	Amount required to conduct an advertising campaign in the united kingdom for Canadian apples—half chargeable to the publicity vote, and half to the apple growers as in former years.
June 30, 1933..	£1,000.0.0	Amount required for the last two out of a program of four Canadian shopping weeks to be held during the fiscal year 1933-34 in the British Isles.

*Date	Amount	Purpose for which expenditure to be made
July 15, 1933..	$12,500 00	Sundry small accounts, Ottawa.
August 24, 1933..	£140.0.0	Imperial Fruit Show, Bristol.
August 24, 1933..	£215.0.0	Marketing Exhibition, Olympia.
September 28, 1933..	£450.0.0	List of stockists of Canadian goods among retail grocers in the united kingdom.
November 16, 1933..	$9,344 00	Canada's contribution imperial joint services.
December 21, 1933..	£80.0.0	Empire Homemakers' Institute—further rental.
March 29, 1933..	£145.0.0	General press advertising.

COASTGUARD VESSEL "PREVENTOR"

Mr. POULIOT:

What are the names and salaries of persons employed on the coastguard vessel, Preventor of the Royal Canadian Mounted Police?

Mr. GUTHRIE:

	per day
Coffin, H. W., skipper-lieutenant.	$5 90
Ascah, J. F., skipper..	5 00
Kenney, R. R., chief petty officer.. ..	3 20
Murphy, J. M., chief engineer..	5 40
Strickland, J. V., warrant engineer.. ..	4 25
Bowser, R. I., petty officer..	2 50
Roach, C. E., chief engine room artificer, 2nd class..	3 60
Harrigan, M. A. P., engine room artificer, 2nd class..	2 75
Martin, E. C. J., leading telegraphist..	2 25
Clarke, F. W., telegraphist.	2 00
Clattenbury, L. B., engineman..	2 45
Bozec, J. M., engineman..	2 45
Urquahart, A. H., engineman..	2 30
Rioux, J. C., engineman..	2 25
Bowser, L. A., A.B. seaman..	1 95
Cook, R. J., A.B. seaman..	1 95
Lund, G. A., A.B. seaman..	1 95
Clothier, J. W., A.B. seaman..	1 95
Blyth, G. G., A.B. seaman..	1 95
Terrio, N. J., ordinary seaman..	1 25
Derry, J. B., ordinary seaman..	1 25
Fleming, P. R., ordinary seaman..	1 25
Graham, C. H. S., cook-steward..	2 70
Standing, J. N., ship's cook..	2 70

ASCENSION DAY, POST OFFICE CLOSING

Mr. POULIOT:

1. Did the Post Office Department issue instructions to postmasters to close post offices in the province of Quebec, on May 30th last, the feast of the ascension?

2. What instructions were issued in this regard previous years since 1931?

Mr. SAUVE:

1. No.

2. None.

DEPARTMENT OF NATIONAL DEFENCE—HISTORICAL SECTION

Mr. AHEARN:

1. Was the historical section of the Department of National Defence created in 1917 by order in council number 19, dated January 17, 1917, and reorganized by order in council number 1652, dated May 27, 1921?

2. Did the government at the time consideration was being given to the placing of the staff of the soldier settlement board on a permanent basis, give due consideration to having the staff of the historical section, Department of National Defence, also placed on a permanent basis?

3. Is the government aware that this staff, the majority of whom are returned soldiers, has been employed on this work since 1917 and in a relative position to that of the soldier settlement board staff?

4. If so, has the government given consideration to this question in view of the soldier settlement board staff being made permanent?

Mr. STIRLING:

1. Yes.

2, 3 and 4. The question of placing the staff of the historical section on a permanent basis has been under consideration for some time but no final decision has as yet been made.

ST. JEAN DE MATHA, QUE., MAIL CONTRACT

Mr. FERLAND:

1. Did the superintendent of the Post Office Department call for tenders for the carrying of the mail on rural routes Nos. 1 and 2 in the parish of St. Jean de Matha, county of Joliette, in the month of April, last?

2. If so, who were the tenderers and what were the tender prices?

3. Were contracts awarded, what were the contract prices and to whom were such contracts awarded?

Mr. SAUVE:

1. Yes.

2 and 3. The contract for route No. 1 was awarded to James Comtois, the only tenderer, at $375 per annum, and the contract for route No. 2 was awarded to Hormisdas Desroches, also the only tenderer, at $375 per annum.

SALES TAX ON CANNED VEGETABLES

Mr. FERLAND:

1. What agricultural cooperative societies of the province of Quebec pay a sales tax of 6 per cent on the vegetables they can?

2. Did any municipal councils of the province of Quebec protest against the levying of a sales tax of 6 per cent on vegetables canned

by the agricultural cooperative societies which, without engaging in trade, only sell the products to their members?

3. If so, what municipal councils?

Mr. MATTHEWS:

1. No detailed statistical information as to origin of payments is maintained in the department in respect to sales tax.

2. The department has been unable to locate any such protests.

3. Answered by No. 2.

SHELBURNE-UPPER OHIO, N.S., MAIL CONTRACT

Mr. RALSTON:

1. Who is the contractor for rural route No. 1 Shelburne to Upper Ohio, Shelburne county?

2. What was the amount of the contract when first awarded to the present contractor?

3. Was said amount of contract increased during the term of the present contract; if so, how much?

4. When does the present contract expire?

5. Will public tenders be called for new contract to follow expiration of present one?

6. If so, in what newspaper or newspapers will they be published?

7. Has any arrangement been entered into, or offer been made to present contractor, or any other person or persons, to carry the mails from Shelburne, N.S., to Upper Ohio, R.R. No. 1, immediately upon expiry of present contract?

8. If so, with whom, and for what price, and for how long a period of time?

9. If such arrangement has been made without public tender, upon whose recommendation did the Post Office Department act?

Mr. SAUVE:

1. James M. Bower.

2. $550 per annum.

3. No.

4. 30th September, 1935.

5. No.

6. See answer to No. 5.

7. Yes.

8. A renewal for four years was authorized with the present contractor at $475 per annum.

9. Donald M. Robertson.

CHURCHOVER, N.S., MAIL CONTRACT

Mr. RALSTON:

1. When does the present contract for carrying mails from Churchover, Shelburne county, N.S., to the railway station, expire?

2. Who is the present contractor, and what is the amount of his contract?

3. Will tenders be advertised for new contract to begin upon expiration of present contract?

4. If so, in what newspaper or newspapers will tenders be published?

5. Will the present contractor be given a chance to renew present contract, without tender, at the same price?

6. Has any offer been made or arrangement entered into with any person or persons to carry the mails from Churchover to the railway station immediately upon expiry of the present contract?

7. If so, with whom, and for what period of time, and at what price or amount?

8. If such contract or arrangement has been made on whose recommendation did the Post Office Department act?

Mr. SAUVE:

1. 30th June, 1935.

2. E. G. Mahoney at $195 per annum.

3. No.

4. See answer to No. 3.

5. No.

6. Yes.

7. Stillman Acker, 4 years at $195 per annum.

8. Donald M. Robertson.

BIRCHTOWN, N.S., MAIL CONTRACT

Mr. RALSTON:

1. When does the present contract for carrying the mails from Birchtown, Shelburne county, N.S., to the railway station, expire?

2. Who is the present contractor, and what is the amount of his contract?

3. Will tenders be advertised for new contract to begin upon expiration of present contract?

4. If so, in what newspaper or newspapers will the tenders be published?

5. Will the present contractor be given a chance to renew present contract, without tender, at the same price?

6. Has any offer been made or arrangement entered into with any person or persons to carry the mails from Birchtown to the railway station, immediately upon expiry of the present contract?

7. If so, with whom, and for what period of time, and at what price or amount?

8. If such contract or arrangement has been made on whose recommendation did the Post Office Department act?

Mr. SAUVE:

1. 30th June, 1935.

2. E. G. Mahoney $62.60 per annum.

3. No.

4. See answer to No. 3.

5. No.

6. Yes.

7. Stillman Acker, 4 years at $62.60 per annum.

8. Donald M. Robertson.

QUESTIONS PASSED AS ORDERS FOR RETURNS

EMPLOYEES OF TAXPAYING FIRMS

Mr. STEWART (West Edmonton):

1. What is the number of employees employed by tax paying firms in Canada (total amount only)?

2. What is the number of unemployed heads of families in Canada?

3. What is the number of single unemployed in Canada?

4. What is the total amount paid out on relief for year ending March 31, 1935?

Mr. CAHAN: Return tabled herewith.

DEPARTMENT OF AGRICULTURE—OFFICERS IN GREAT BRITAIN

Mr. POULIOT:

1. Since October, 1931, were Messrs. J. Bent, A. E. Griffith, J. C. Williams, officers of the Canadian Department of Agriculture, on duty in Great Britain?

2. If so, during that period were they always overseen and directed by the deputy head of the Department of Agriculture in virtue of section 7 of the Civil Service Act and section 3 of the act respecting the Department of Agriculture?

3. Did the three above mentioned gentlemen come, at any time during that period, under the supervision of the High Commissioner in London?

4. If so, was it under the authority of orders in council?

5. Under what act were these orders in council passed?

6. If such orders in council were passed, were they forwarded to the High Commissioner in London by the Clerk of the Privy Council or the deputy Minister of Agriculture?

7. Referring to letter of November 11, 1931, from the office of the High Commissioner in England to the deputy head of the Canadian Department of Agriculture contained in sessional paper No. 335 of May 20, 1935, have the three above named officers of the Department of Agriculture ceased to be under the supervision of the deputy head of the Canadian Department of Agriculture?

8. Was the Department of Agriculture specifically mentioned in P.C. 330 of February 10, 1922?

RADIO BROADCASTING—CANADIAN NATIONAL CARBON COMPANY EMPLOYEES

Mr. GAGNON:

1. How many employees does the National Carbon Company, Toronto, employ under a contract between the said company and the Canadian Radio Broadcasting Commission?

2. What are their names, positions and salaries?

TRADE WITH GREAT BRITAIN

Mr. POULIOT:

1. What was the total amount of exports (including exports of foreign products) of Canada to Great Britain in calendar years 1930, 1931, 1932, 1933, and 1934?

2. Same question for Canadian imports from Great Britain?

Mr. HANSON (York-Sunbury): Return tabled herewith.

MOTIONS FOR PAPERS

RADIO BROADCASTING—CANADIAN NATIONAL CARBON COMPANY

Mr. BARRETTE (for Mr. Gagnon):

1. For a copy of the contract between the Canadian National Carbon Company, Toronto, and the Canadian radio broadcasting commission whereby the commission leases the facilities of stations CRCT and CKNC, Toronto.

2. For a copy of all correspondence, documents, etc., relative to the engagement or appointment of personnel at stations CRCT and CKNC, Toronto.

HECTOR WARREN

Mr. DESROCHERS:

For a copy of all documents, correspondence, letters, telegrams exchanged between the government, the Department of Public Works at Ottawa and at Quebec, and Mr. Hector Warren respecting the dismissal of the said Hector Warren as engineer in the employ of the Department of Public Works in the year 1916.

RADIO BROADCASTING—NEW CARLISLE

Mr. BARRETTE (for Mr. Gagnon):

For a copy of all correspondence, and other documents, between station CHNC, New Carlisle, and the Canadian radio broadcasting commission, since January 1, 1934.

RADIO BROADCASTING—SALARY INCREASES

Mr. BARRETTE (for Mr. Gagnon):

For a copy of all letters and other documents in the possession of the government, relative to increases in salaries of all employees of the Canadian radio broadcasting commission, since January 1, 1934.

LEWIS DUNCAN, TORONTO

Mr. STITT (Selkirk):

For a copy of all correspondence between the Department of Justice or the Department of External Affairs in the year 1921 with Lewis Duncan, barrister, of Toronto, regarding claim of said Duncan for legal services.

RIVIÈRE AUX HURONS, QUE., DEEPENING

Mr. FONTAINE:

For a copy of all correspondence, letters, telegrams and other documents, exchanged from 1931 to date between the hon. Minister of Marine or his department and any persons, respecting the deepening of the river bed of Rivière aux Hurons, province of Quebec.

Mr. FONTAINE:

For a copy of all correspondence, letters telegrams and other documents, exchanged from 1931 to date between the hon. Minister of Public Works or his department and any other persons, respecting the deepening of the river bed of Rivière aux Hurons, province of Quebec.

STE-HYACINTHE, QUE., FAIR

Mr. FONTAINE:

For a copy of all correspondence, letters, telegrams and other documents, exchanged from 1931 to date between the hon. Minister of Agriculture or his department and any persons, respecting the district agricultural fair of Ste-Hyacinthe, province of Quebec.

LOAN OF $750,000,000

Right Hon. Sir GEORGE PERLEY (Argenteuil) (for the Minister of Finance) moved that the house go into committee tomorrow to consider the following proposed resolution:

That the governor in council be authorized to raise by way of loan under the provisions of the Consolidated Revenue and Audit Act, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars, for paying or redeeming the whole or any portion of loans or obligations of Canada, and for purchasing and withdrawing from circulation unmatured securities of Canada.

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.

TRADE AGREEMENTS

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Before the orders of the day are proceeded with I desire to make a statement on behalf of the Minister of Finance, who has been called away owing to the illness of his mother. He would have on Monday made the following statement: That in reply to the question of the right hon. leader of the opposition (Mr. Mackenzie King) of June 5, what he had in mind was to emphasize the overriding power of parliament in connection with any trade agreements, and that anything in the nature of a formal agreement should be submitted for ratification or approval by parliament. In making that statement, however, he did not have it in mind to imply that the putting into effect of any reductions of rates agreed upon would require to be deferred until such approval had been given, or to impair in any way the full operative force of section 11 of the Customs Act, with which he was then dealing.

[Mr. Fontaine.]

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): What the right hon. the Prime Minister has just said would indicate that he has in his mind the subject to which I am about to refer. On May 20 I asked my right hon. friend whether negotiations were still continuing between the United States and Canada with respect to a trade agreement, and whether he contemplated the probability of submitting an agreement to the house before prorogation. My right hon. friend replied as follows:

I can only say that negotiations with Washington have been continuing, but it would be idle for me to express any view at the moment as to whether or not they would crystallize in the form of an agreement within the period of time which will elapse between now and the rising of the house. If, as and when I am informed so as to be able to give an answer to that question, I shall be glad to give such information to the house.

I notice that yesterday, speaking in another place, the leader of the government in the Senate said that a good reciprocity treaty can be made. It is therefore apparent, if the hon. leader of the government in the Senate was speaking as a minister of the crown, which no doubt he was, that the government is now in a position to say that it has found it possible to make an agreement. What I would like to ask the Prime Minister is whether such is the case, and if so whether matters could not be so arranged as to have the agreement placed before this parliament before it rises, in order that it may receive consideration here, and that if, as stated, it is a good agreement, it may receive approval, and the public thereby have the advantage at the earliest possible moment of any benefits that a reciprocal trade agreement may give.

Mr. BENNETT: I very much regret that the right hon. gentleman has placed a wrong construction on a head note which he read in the newspaper. It is not correct to say that any agreement has been negotiated with the United States.

Mr. MACKENZIE KING: I beg my right hon. friend's pardon, I was not referring to a head note in the newspaper. I was quoting from the Senate Hansard of yesterday, page 415, in the report of a speech by the Right Hon. Arthur Meighen the words "a good reciprocity treaty can be made."

Mr. BENNETT: What the leader of the Senate was dealing with was not that there was an agreement made, but that Canada was desirous of making a good agreement if a good agreement can be made, which is an altogether different thing. No agreement

has been made. Had any agreement been made I would have informed this house. Negotiations will be proceeded with next week, I believe the time has been fixed at which the discussions will be resumed. The only reason I made the statement on behalf of the Minister of Finance was in order to remove any doubt as to the desirability of our being able to act under section 11 if the occasion should arise. I quite share the right hon. gentleman's view that if it were possible to have an agreement arrived at between now and the rising of this house it would be desirable, and I assure him that if one were arrived at it would be submitted to parliament at once without any delay at all.

FARNHAM, QUE., POST OFFICE

On the orders of the day:

Mr. PIERRE F. CASGRAIN (Charlevoix-Saguenay): I read in the paper to-day this article:

> Tenders tabled for post office
> Privately invited bids received June 6, for Farnham, Que., project.

I understand this has to do with the erection of a post office building at Farnham. It proceeds to say:

> Tenders from a selected list of contractors were received by private invitation until **Thursday, June 6.**

I should like to ask the Minister of Public Works (Mr. Stewart) how it is that tenders were invited privately, also the names of the privileged few who were invited to tender.

Hon. H. A. STEWART (Minister of Public Works): I shall inquire into the matter and give my hon. friend an answer to-morrow.

THE CONSERVATIVE IDEA

On the orders of the day:

Mr. JEAN FRANCOIS POULIOT (Témiscouata) (Translation): Mr. Speaker, may I ask the government if there is really a conservative idea and, if so, what is it, and if there is more than one?

Mr. F. J. LAFLECHE (Richmond-Wolfe) (Translation): The hon. member for Témiscouata should first have an idea himself.

REHABILITATION OF DROUGHT AREAS

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I would like to direct a question to the Minister of Agriculture (Mr. Weir) with respect to the water conservation committee of the west. What are their present activities and what are their future plans, if any?

Hon. ROBERT WEIR (Minister of Agriculture): During the last month a careful survey has been under way of all applications received for consideration of certain localities with reference to the conservation of water. This is being done by engineers well and specially qualified to do it in cooperation with the three western provinces. There have also been appointed other staffs that will be required to proceed with the work without delay.

Mr. WEIR (Macdonald): May I ask if that survey is confined to the drought area?

Mr. WEIR (Melfort): First, yes.

Mr. A. L. BEAUBIEN (Provencher): Is it possible that this plan of investigation in regard to water conservation will be extended to all areas in those provinces instead of just the dried-out areas?

Mr. WEIR (Melfort): The drought area will receive first consideration.

CANADIAN GRAIN BOARD

PURCHASE, STORAGE AND MARKETING OF WHEAT AND OTHER GRAINS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 98, to provide for the constitution and powers of the Canadian Grain Board.

He said: Mr. Speaker, in rising to move the second reading of this bill I am not unaware of the public interest in its contents, nor yet of the fact that complaints have been made that the matter might have been dealt with at an earlier time in the session. Before I was ill I had placed upon the order paper the resolution which was adopted the other day, and on my return, but for the illness of Mr. McFarland, who is still confined to the hospital, the matter would have been proceeded with more promptly. I think I should say that in fairness to the house.

I indicated a few days ago that unquestionably the wheat problem is the most important problem that concerns the Canadian people. Canada is the largest exporter of wheat in the world. She is not the largest producer of wheat, production is larger in the United States and larger in Russia. In the latter country production has reached 1,000,000,000 bushels per annum, and in the United States the average has exceeded 800,000,000 bushels until quite recently. We have not reached a production of 600,000,000 bushels of wheat in this country in any one year as yet. We are the largest exporters and as such we are concerned as to the price at which our pro-

duct may be sold. Need I remind the house that the reason wheat plays so large a part in the economic life of Canada is that it is a product which is more readily converted into new wealth than any other resource upon which we can have reliance to take care of our adverse trade balances and to increase the purchasing power of our people. I need hardly remind the house that when there is a favourable crop with a favourable market the railways have traffic and that when the railways have traffic employment on the railways is larger than it otherwise would be. I need hardly remind the house that in eastern Canada, whether it be Quebec, Ontario or any part of the country, the ability of the industrial population to produce in their factories and mills the requirements of the population west of the lakes depends entirely upon our ability to market our crop of wheat. If the crop is slight and the demand is limited there is no purchasing power on the part of the population west of the lakes to enable them to purchase the goods produced in the factories and mills of eastern Canada. There is no constituency represented in this house, except possibly the Yukon, which is not directly affected by the production and sale of wheat in western Canada.

For the last thirty-seven or thirty-eight years it has been my privilege to make western Canada my home and I have seen the development of that country from small things to large things in the way of wheat production. I have seen great areas which did not produce wheat, produce wheat in large quantities and I regret to say that I have also seen great areas in which wheat was produced, no longer capable of producing anything. Drought with the consequent movement of the soil by the wind has made it impossible for crops to be produced and like many other hon. members I have seen dust piled like snowbanks against the fences along the dividing lines between the farms. This is the condition which prevails in a country which at one time produced more bushels of wheat per acre than almost any other part of the world. I repeat that there is no part of this country which is not affected by the production and sale of wheat.

For these reasons we, perhaps more than most countries, are vitally concerned in a reasonable price being secured for our product. When I say a reasonable price I but reflect the views which have been expressed by every economic council which has met since the world war. The view has been that commodity prices should be increased. This view has been expressed at great economic gatherings of world wide extent, it has been expressed by the League of Nations and it has been expressed in this house, too frequently for me to refer again to it. Canada has a responsibility which is not limited to the Canadian producer. As I said a moment ago, Canada is the largest exporter of wheat in the world while Great Britain is the largest buyer of wheat. May I say what is possibly known to many that in the four crop years ended August last, out of every 100 bushels of wheat which, in the form of wheat or manufactured into flour, went into the markets of the world, 35 bushels came from Canada, 20 bushels came from Australia, 20 bushels from Argentina, 8 bushels from Russia, 10 bushels from the United States and 7 bushels from the Balkans and other countries. These figures should have the effect of making every hon. member realize that during the last four seasons for which we have a record Canada has sold nearly as much wheat as Argentina and Australia together.

I repeat that Canada is concerned about the price structure. Canada has a duty not only to its own farmers but also to the smaller countries which are marketing wheat to see to it that a lead is given with respect to the prices which may be received for a commodity of such importance to the world. Wheat is the most important commodity in the export business of Canada. I do not like to repeat, but there is no constituency in this country outside of the Yukon which is not affected directly or indirectly by the sale of our wheat. Under these circumstances let us approach this problem in the sense to which I have directed attention, namely, as a problem which affects not only Canada but all the other wheat producing countries, as a problem which is not only a factor in international trade but also a vital factor in determining our international balances.

As I proceed this afternoon I shall endeavour to point out what has been done during the last four years. I shall offer this record to the house without apology or excuse and with some sense of justifiable pride for the results which have been obtained. I look back upon this record with some degree of pride as paying some part of the debt which I owe to western Canada. I intend to put upon the records of this house figures which will tell their own story, figures which will indicate just as clearly as figures can the history of the dealings in wheat during the last four or five years. It has been said that we should not be concerned as to what the

price of wheat is and I shall show presently that there are public men in this country to whom the people have sometimes listened who say: Let wheat go to any price, we are not concerned about it. There are others, and I shall deal with them also, who say that the difficulty is not over-production but under consumption. I shall be glad to show that during the years when we had the largest crop, when the world's carry over was the greatest and when the price was lowest, there was less consumption than during the preceding years. These are facts, not fancies and it is time attention was directed to these matters. I shall later consider the observations which have been made on various platforms of this country and which in many instances were unworthy of the public men who made them. They seem to have had no regard for the injury they might be doing their country by making misstatements which if made by those who have to transact business would constitute actionable misrepresentation. These are facts to which I direct the attention of the house this afternoon.

I repeat that there devolves upon this country a responsibility as the greatest wheat exporting nation in the world not only to discharge its duty to its own citizens but so to measure its international responsibilities with other nations of the world which are wheat producers that we may be regarded as giving them assistance in their endeavours—to do what? To raise the price of commodities and thus bring about some measure of rehabilitation and recovery in the world. This is what I submit to this house. I should like to give the house the number of acres which have been sown to wheat in Canada since 1920. They are:

1920	18,232,374
1921	23,261,224
1922	22,423,000
1923	21,886,000
1924	22,056,000
1925	20,790,000
1926	22,896,000
1927	22,460,000
1928	24,119,000
1929	25,255,000
1930	25,584,939
1931	26,355,136
1932	27,182,100
1933	25,991,100
1934	23,985,000
1935 (estimated)	23,344,900

I next desire to place on Hansard the record of the production, in bushels, of wheat in this country, which includes not only the west but also the east, since 1920:

Wheat Production and Value

Years	Production (bushels)
1920	263,189,000
1921	300,858,000
1922	399,786,000
1923	474,199,000
1924	262,097,000
1925	395,475,000
1926	407,136,000
1927	479,665,000
1928	566,726,000
1929	304,520,000
1930	420,672,000
1931	321,325,000
1932	443,061,000
1933	281,892,000
1934	275,849,000

The value of that crop, as indicated by the figures accumulated in the Dominion Bureau of Statistics, is as follows, beginning with 1920:

Years	Value
1920	$ 427,357,300
1921	242,936,000
1922	339,419,000
1923	316,994,700
1924	320,362,000
1925	487,736,200
1926	442,221,000
1927	477,791,000
1928	451,235,000
1929	319,715,000
1930	204,693,000
1931	123,550,000
1932	154,760,000
1933	136,958,000
1934	163,972,000

The wheat that we produce is used for the following purposes; (a) for seed purposes in the succeeding year; (b) for domestic purposes; (c) for the production of flour for export; and (d) for export as grain.

For the purposes of making computations it is usual to add flour on the basis of the quantity used in the production of the barrels of flour exported. I will now give the house exports of wheat in the form of grain and wheat utilized in the production of flour for the crop years from 1919-20 up to date. I need only point out that the crop year ends on the 31st day of July in each year, but for purposes of dealing with problems of this kind —it is scarcely necessary to say this—an exact date can hardly be fixed. The end of the crop year is when the crop becomes available on the markets of the country, and therefore we deal in crop years:

Exports of Wheat and Wheat Flour for the Crop Years 1919-20 to 1933-34

	Total export	
	Quantity	Value
Crop years	Bushels	$
1919-20	89,003,023	
1920-21	167,163,305	
1921-22	194,003,408	Not
1922-23	279,492,557	available
1923-24	332,146,980	
1924-25	192,721,772	

Exports of Wheat and Wheat Flour for the Crop Years 1919-20 to 1933-34—*Con.*

Crop years	Total export Quantity Bushels	Value $
1925-26	324,592,024	475,023,624
1926-27	292,880,996	409,654,715
1927-28	332,963,284	441,068,200
1928-29	407,564,186	451,820,887
1929-30	186,267,212	227,317,090
1930-31	258,693,887	188,421,364
1931-32	207,029,559	128,117,128
1932-33	264,304,328	151,321,746
1933-34	194,779,876	140,488,606
1934-35 (end of May)	146,387,083	121,178,831

We have not available the prices received for this wheat up until the beginning of the year 1925-26, but from that time on we have a complete record of what was received in the way of new wealth by the Canadian people through the export of wheat in the form of grain and flour, and those figures are given in the foregoing table. That gives the history of the production and of the new wealth received by this country from the sale of wheat. I need hardly remind this house, if it has followed me in what I have said up to the moment, that having regard to the purposes for which we utilize wheat, to the size of crops to which I have referred, and to the statement as to quantity exported, that there was a very large carryover. The word "carryover" is used therefore to indicate that quantity of wheat which has not found a market during the crop year. These figures are interesting; for part of our crop that was carried over was in the United States, some of it in elevators, some of it in ships. But it had been included in the export figures when it cleared from Canada, so that while it appears as part of our exportable surplus, it must also be regarded as part of the carry-over, because until wheat enters into consumption it of course is not off the market. For instance, all the crop in this country might be shipped to Europe, but until such time as it had been consumed it would always overhang the market as something that has to be taken care of before additional markets would be available. The carry-overs for the different years from 1920 are as follows:

Year ending August 31:	Canada bushels	United States bushels	Total bushels
1920	9,847,591	.....	9,847,591
1921	13,727,088	299,037	14,026,125
1922	19,462,664	1,558,092	21,020,756
1923	11,749,995	483,324	12,233,319

In 1924 the increase was perceptible:

Year ending July 31:	Canada bushels	United States bushels	Total bushels
1924	41,118,536	2,958,084	44,076,620
1925	25,454,635	3,027,284	28,481,919
1926	34,817,757	3,664,179	38,481,936

May I direct attention to the following years:

	Canada bushels	United States bushels	Total bushels
1927	47,839,285	4,835,148	52,676,433
1928	77,626,071	13,604,780	91,230,851
1929	104,383,221	22,604,398	126,988,619

Now we come to 1930, which was the last year in which my hon. friends opposite were in office:

	Canada bushels	United States bushels	Total bushels
1930	111,094,912	16,065,242	127,160,154

Notwithstanding the fact that we carried over these large quantities, we were growing, as I have indicated to the house, increased quantities of wheat. In spite of the fact that this country harvested so large a quantity, the total carry-over in 1931 had risen to only the following:

	Canada bushels	United States bushels	Total bushels
1931	134,078,963	6,798,312	140,877,275

Or slightly over 13,000,000 bushels more than the year before. In 1932, when hon. members will recall we had the third largest crop in our history, the carry-over was as follows:

	Canada bushels	United States bushels	Total bushels
1932	131,844,806	5,888,255	137,733,061

Or slightly more than 3,000,000 bushels less than the year before, notwithstanding the fact that we had the third largest crop in the history of Canada. In 1933 the carry-over however reflected the large sales of the year before with the additional crop of 1933:

	Canada bushels	United States bushels	Total bushels
1933	211,740,188	7,688,210	219,428,398

Or something over 81,000,000 bushels more than the preceding year, for reasons that I shall presently discuss.

	Canada bushels	United States bushels	Total bushels
1934	193,990,281	9,954,252	203,944,533

Or approximately 16,000,000 bushels less than the preceding year. Those are the facts as disclosed by the records with respect to the history of carry-overs in this country from August 31, 1920, to the end of the last crop year.

In order that the house may have all the information it desires, I shall give the average price, recalling to the attention of hon. members the fact that immediately after the war, for reasons that need not be discussed, but largely because of the revolutions in Russia, there was a steady, large price for wheat. These figures are on the basis of Fort William and Port Arthur for number one northern Manitoba wheat:

Crop year:	Average price per bushel
1919-20	$2 17.5
1920-21	1 99.3
1921-22	1 29.7
1922-23	1 10.5
1923-24	1 07.1
1924-25	

To which reference will be made later.

Crop year:	Average price per bushel
1925-26	$1 51.2
1926-27	1 46.3
1927-28	1 46.3
1928-29	1 24
1929-30	1 24
1930-31	64.2
1931-32	59.8
1932-33	54.3
1933-34	68.1

From the beginning of the present crop year to the end of April, 1935, the price was 82 cents, for reasons that I suppose are known to all members of the house.

That is the story with respect to wheat production, wheat exports, wheat carry-overs, wheat prices and new wealth derived from wheat by this country.

Mr. MACKENZIE KING: My right hon. friend has not given an estimate of the carry-over for the present year. Will he give that?

Mr. BENNETT: I gave it. I am not making estimates to-day; I am talking about facts. I am not giving estimates at all; I think the time has come to deal with facts and not fancies and I am dealing with facts. Before I resume my seat, I am going to discuss some of the statements made by hon. gentlemen opposite.

Mr. MACKENZIE KING: Can my right hon. friend give the carry-over for the present crop year?

Mr. BENNETT: I cannot. Until the end of the crop year, how can I?

Mr. MACKENZIE KING: If he cannot give us the facts, can he give us an estimate?

Mr. BENNETT: I do not propose to make estimates at the moment.

Mr. MACKENZIE (Vancouver): What is the situation at the present time?

Mr. BENNETT: I will discuss that presently. The hon. member for Vancouver Centre (Mr. Mackenzie) need not be the least bit exercised; he will get all the facts he wants before he is through with this matter.

Mr. MACKENZIE KING: May I say to the Prime Minister that if he cannot give the facts or an estimate, at least he could give a courteous answer. Mine was not an interruption; it was an effort to get a complete statement, which the Prime Minister said he would give.

Mr. BENNETT: If hon. gentlemen interrupt they violate the rules of this house. Under present conditions I have a right to make my statement, and that is what I propose to do.

The next point to which I desire to direct attention is one to which I doubt whether sufficient importance has been given. I refer to the circumstances over which this country has had no control. There are those in this house who on the public platform have talked about tariffs abroad as though they were something over which Canada could have control. Some months ago the hon. member for Quebec East (Mr. Lapointe) delivered a speech down in Quebec in which he referred to the fact that here was France willing to sell wine and buy Canadian wheat, and we

were not doing our duty in the premises. Let me ask the hon. member this: Did he at any time when he was negotiating a treaty with France say a word about wheat at all, in any shape or form, when he was giving France preferences? Did he stipulate for anything then, when he might have done so in respect to wheat?

Mr. LAPOINTE: We were selling our wheat at the time.

Mr. BENNETT: We were not; that is exactly the point. In any case, it is the duty of a statesman to look a bit into the future in respect to these matters.

Now let us see why there has been a diminution in the sale of our wheat abroad; let us look at it frankly. What is the reason? It is because the nations of the world that formerly bought wheat have desired to become self-sustaining communities. They were afraid of war; they were afraid of the submarine menace with respect to the transshipment of wheat and they were afraid of the price they had to pay during the war for wheat. There on the one hand you have the development of nationalism to the extent that the nations desired to become self-sufficient and self-sustaining with respect to wheat, and on the other hand you have bonuses, tariffs, quotas and every device imaginable being relied upon for the purpose of enabling the countries of the world that did buy wheat no longer to find it necessary to do so. When I was sitting in the seat now occupied by the right hon. leader of the opposition (Mr. Mackenzie King) I pointed out that during his régime every nation of the world made it more difficult for Canada to sell her products than at any time in the history of this country, and I repeat that statement. What is more, that was admitted by the then Minister of Finance with respect to wheat and other commodities about which I shall speak presently.

In order that there may be no misunderstanding I propose to place upon Hansard the changes that have taken place, country by country, and the dates on which they took place, with respect to the sale of Canadian wheat. First I take France. In June, 1928, the French franc was stabilized at 3·92 gold cents, so we have converted the figures into Canadian terms on that basis, not upon the actual exchange, which perhaps would not be fair, but upon the basis of the steady rate that has prevailed, because the duties would be higher if we dealt with them otherwise. Conversions prior to June, 1928, are made at the approximate prevailing rate of exchange, because the French franc was not stabilized until that time. These are the figures in regard to wheat:

Commodity	Date of change	General Tariff	Minimum Tariff	Approximate Equivalent of Rate to Canada
Wheat	Rate in 1921	Same as minimum	14 frs. 100 kgs. (C)	29c. bu.
	Jan. 7, 1924	Same as minimum	7 frs. 100 kgs. (C)	11c. bu.
	Aug. 1, 1924	Same as minimum	14 frs. 100 kgs. (C)	20c. bu.
	April 7, 1926	Same as minimum	18·2 frs. 100 kgs. (C)	18c. bu.
	Sept. 3, 1927	Same as minimum	25 frs. 100 kgs. (C)	27c. bu.
	Nov. 18, 1927	Same as minimum	35 frs. 100 kgs. (C)	37c. bu.
	May 24, 1929	Same as minimum	50 frs. 100 kgs. (C)	53c. bu.
	May 20, 1930	Same as minimum	80 frs. 100 kgs. (C)	85c. bu.
	July 14, 1931	160 frs. 100 kgs	80 frs. 100 kgs. (C)	85c. bu.
	June 16, 1932	160 frs. 100 kgs. (C)	80 frs. 100 kgs.	$1.70 bu.
	June 10, 1933	160 frs. 100 kgs.	80 frs. 100 kgs. (C)	85c. bu.
	*June 16, 1934	160 frs. 100 kgs. (C)	80 frs. 100 kgs.	$1.70 bu.
	*Oct. 1, 1934	160 frs. 100 kgs.	80 frs. 100 kgs. (C)	85c. bu.
	*Rate at present	160 frs. 100 kgs.	80 frs. 100 kgs. (C)	85c. bu.

(C) indicates the rate applied to imports from Canada.

On October 1, 1934, the rates were again lowered to 85 cents a bushel, where they remain at the present time xcept that since August 10, 1934, these rates have been increased by four per cent of the duty.

There is the story with respect to France; there is the limitation placed upon our ability to sell wheat in that country. When hon. gentlemen opposite left office the rate was 85 cents a bushel; to-day the rate is the same, 85 cents a bushel, plus four per cent in additional surtaxes that have been placed on all commodities since 1934.

Now let us take Germany, because we have heard much talk about that country. The reichsmark at par equals 23·82 gold cents and the conversions are made on that basis; if they were made at the prevailing rates of exchange at different dates the rates, as expressed in Canadian cents, of course would be much higher. For instance, the gold reichsmark now is worth about 40 cents in Canadian money, and of course it is known to this house that 100 kilograms equal 220·4 pounds. Wheat, except where the rates are modified by special regulations, in 1921 entered under the rate of seven reichsmarks per 100 kilograms, or 42 cents a bushel. That rate has varied as follows:

Commodity	Date of Change	Rate to Canada	Conversions at par
Wheat	Rate in 1921	7 Rm. 100 kilogs	42 cts. bush.
(except where rate modified by special regulations).	May 1, 1922	Free	Free
	Sept. 1, 1925	3·50 Rm. 100 kilogs	23 cts. bush.
	Aug. 1, 1926	5 Rm. 100 kilogs	39 cts. bush.
	July 10, 1929	7·50 Rm. 100 kilogs	49 cts. bush.
	Jan. 10, 1930	9·50 Rm. 100 kilogs	62 cts. bush.
	Mar. 27, 1930	12 Rm. 100 kilogs	78 cts. bush.
	April 25, 1930	15 Rm. 100 kilogs	98 cts. bush.
	Sept. 28, 1930	18·50 Rm. 100 kilogs	$1.20 bush.
	Oct. 26, 1930	25 Rm. 100 kilogs	$1.62 bush.
	Oct. 22, 1934	35 Rm. 100 kilogs	$2.27 bush.
	Rate at present	35 Rm. 100 kilogs	$2.27 bush.

And that is the rate prevailing to-day. I need hardly point out to this house that any rate in excess of 40 cents per bushel is a prohibitive rate, and that when you get to a rate of 75 cents, 80 cents or 90 cents it does not make any difference whether it is 90 cents or $2. The table continues:

Commodity	Date of Change	Rate to Canada	Conversions at par
Wheat flour	Rate in 1921	18·75 Rm. 100 kilogs	$2.03 100 lbs.
	May 1, 1922	Free	Free
	Sept. 1, 1925	8 Rm. 100 kilogs	86 cts. 100 lbs.
	Aug. 1, 1926	10 Rm. 100 kilogs	$1.08 100 lbs.
	April 1, 1927	12·50 Rm. 100 kilogs	$1.35 100 lbs.
	July 10, 1929	14·50 Rm. 100 kilogs	$1.57 100 lbs.
	Feb. 11, 1930	18·50 Rm. 100 kilogs	$2.00 100 lbs.
	Mar. 29, 1930	23·25 Rm. 100 kilogs	$2.50 100 lbs.
	April 25, 1930	31·50 Rm. 100 kilogs	$3.41 100 lbs.
	Sept. 28, 1930	38·50 Rm. 100 kilogs	$4.17 100 lbs.
	Oct. 26, 1930	51·50 Rm. 100 kilogs	$5.58 100 lbs.
	June 10, 1931	43·16 Rm. 100 kilogs	$4.67 100 lbs.
	Oct. 22, 1934	59·80 Rm. 100 kilogs	$6.48 100 lbs.
	Rate at present	59·80 Rm. 100 kilogs	$6.48 100 lbs.

I need hardly say that any of those rates are prohibitive. I now turn to Italy, and a discussion of the tariff changes on wheat and wheat flour. The gold lira at par equals 19·3 gold cents in Canadian money. The paper lira at par equals 5·26 gold cents in Canadian money. Conversions are all made at the aforementioned gold equivalents of the Italian currency. If the conversions were made at the rates of exchange prevailing at the different dates the rate of duty as expressed in Canadian money would be higher. For example the present value of the gold lira in Canadian money is approximately 30 Canadian cents and the value of the paper lira about 8 Canadian cents. The table is as follows:

Commodity	Date of Change	Rate to Canada	Conversion at Par
Wheat	Rate in 1921	Free	Free.
	July 24, 1925	7·50 gold lire 100 kgs	39c. bush.
	Sept. 13, 1928	11 gold lire 100 kgs	58c. bush.
	May 24, 1929	14 gold lire 100 kgs	74c. bush.
	June 5, 1930	16·5 gold lire 100 kgs	87c. bush.
	Aug. 19, 1931	75 paper lire 100 kgs	$1.07 bush.
	Rate at present	75 paper lire 100 kgs	$1.07 bush.
Wheat flour	Rate in 1921	11·5 gold lire 100 kgs	$1.00 100 lbs.
	Dec. 16, 1922	4 gold lire 100 kgs	35c. 100 lbs.
	Jan. 18, 1923	1·50 gold lire 100 kgs	13c. 100 lbs.
	Sept. 18, 1924	0·65 gold lire 100 kgs	5½c. 100 lbs.
	Oct. 28, 1924	Free	Free.
	July 24, 1925	11·50 gold lire 100 kgs	$1.00 100 lbs.
	Sept. 13, 1928	16·75 gold lire 100 kgs	$1.47 100 lbs.
	May 24, 1929	20·30 gold lire 100 kgs	$1.77 100 lbs.
	June 5, 1930	23·70 gold lire 100 kgs	$2.08 100 lbs.
	July 8, 1931	92·90 paper lire 100 kgs	$2.22 100 lbs.
	Aug. 19, 1931	112·35 paper lire 100 kgs	$2.68 100 lbs.
	Dec. 2, 1933	115 paper lire 100 kgs	$2.75 100 lbs.
	Rate at present	115 paper lire 100 kgs	$2.75 100 lbs.

In the United States market we had the Underwood tariff from 1913 to 1921, when it will be recalled we had reciprocity with respect to wheat. Then there was the emergency tariff from 1921 to 1922, which increased the rate. Then the Fordney-McCumber tariff from 1922 to 1930, and the Hawley-Smoot tariff from 1930 to date.

The following table will indicate the United States tariff rates.

——	Underwood	Emergency	Fordney-McCumber	Hawley-Smoot
Wheat	10 cts. per bush	35 cts. per bush	30 cts. to 42 cts. per bush.	42 cts. per bush.
Barley	15 cts. per bush	15 cts. per bush	20 cts. per bush	20 cents per bush.
Rye	Free	Free	15 cts. per bush	15 cts. per bush.

Other items, namely cattle, sheep, butter and cream may be dealt with on another occasion. That is the action taken by those countries. But in Great Britain what action was taken? In Great Britain the British government by its Wheat Act has guaranteed the wheat producer of the United Kingdom a price of approximately $1.25 per bushel. And they have provided a maximum production of 27,000,000 long hundred weight, which is substantially 50,000,000 bushels. That act came into force last year, namely in the year 1933-34. It has been renewed this year, and according to figures given out a few days ago the sum paid to the farmers of the United Kingdom under that act last year amounted to £7,178,500. That is pounds, remember. In Australia in 1932 a bonus of £2,000,000 was paid to the farmers. In 1933 a bonus of £3,000,000 was paid to the farmers on the 1933 crop. In 1934 a bonus of £4,000,000 is being paid, as recommended by the royal commission which inquired into the wheat industry of Australia.

Those are the facts with respect to these countries, but I have not yet mentioned the Argentine. In the Argentine the government operates the sale of wheat on the following basis. Of the 1933 crop—the figures for 1934 are not yet available—they purchased 144,685,000 bushels. They paid the farmer 182,183,290 paper pesos, and the wheat sold for 176,402,264 paper pesos, leaving a loss of 5,781,025 paper pesos. The administration costs were 3,018,975 paper pesos, making a total loss of about 8,800,000 paper pesos, which in our money at the present time at the Montreal exchange would be about $2,200,000.

I have mentioned this matter in order that there may be no misunderstanding as to what has been happening in the world in connection with restrictions placed upon the sale of our wheat in the first place, and in the second place the stimulus which has been given for the production of wheat in other parts of the world,—whether it be by bonus or otherwise.

I have prepared further figures showing the development of government control in the marketing of wheat. Whether or not it is desirable to take too much time of the house in a discussion of this point, I cannot say. However they will be available if later they are desired. It is sufficient to say now that they make perfectly clear that what has happened during the last few years has been,

first, a restriction against the importation of wheat and, secondly, a stimulus on the part of wheat producing countries given to their own farmers by way of bonuses and other payments, for the purpose of developing their wheat areas.

Without taking up too much time I shall proceed to point out what we in this country have been doing towards the marketing of our wheat. There has been a tendency on the part of some to conclude that this country has done very little in connection with the marketing of wheat. I shall show presently by figures the percentages of supply of Canadian wheat flour to the bread-stuff purchases of the world are higher than they have been in some years, notwithstanding the abnormal crops we have produced. Just let me give this house a picture as to how wheat is marketed, without going into the question of the financial side of it.

As I said a minute ago in 1932 we produced the third largest crop in our history. I was curious to see how it was marketed. In the five weeks from September 9 to October 7 the farm deliveries in western Canada reached the record total of 145,000,000 bushels, or an average of 25,000,000 bushels per week. In nine weeks 206,000,000 bushels were delivered to the elevators, and wheat had to move out of the country. Otherwise congestion was inevitable, because of the inability of the elevators to carry it. Let us see what the effect was upon the price of wheat. First it dropped to 50 cents, then to 45 cents, then to 40 cents, then to 38½ cents delivered at Fort William, despite the enormous purchases to which I shall presently refer, under the guarantee given to the Cooperative Wheat Association.

I wonder if the house realizes what it means to deliver 206,000,000 bushels of wheat in nine weeks, involving a complete cessation of activities in the wheat market, unless it moves out of the country. And in order that that might be done, notwithstanding the enormous purchases made by the pool under Mr. McFarland, with the guarantee of the government, the fact is that the price dropped to 38½ cents per bushel. We have a record in this world of the price of wheat for the last 400 years. In that year the price was lower than it had been at any time in those 400 years. I suppose hon. gentlemen have seen the chart prepared in Great Britain showing the record of wheat prices for this long period of time. I may say it is an exceedingly interesting document. Converted into money on the same level—that is, having regard to the value of money as such, it was shown that the price paid for wheat in this country was lower than at any time in 400 years. I put this question to the house,—because it has a distinct bearing upon what I am to say later: What would have happened if no support had been given? That is the question. What would have happened in this country if no support had been given? We have a condition in western Canada that is very difficult to describe; I just touch upon it. You have farmers who had been well to do, with fine homes, who because of the unproductiveness of their land owing to drought are in a condition which compelled them to seek relief. What would have happened to the body politic, to this country, to its economic structure, if this government had not taken the action it took? That is the question to which I invite attention, that is what I want hon. gentlemen to devote their attention to on the platform. That question was answered by at least two public men. There is an organ of public opinion in western Canada called the Winnipeg Free Press. Whenever anything is done by this government, good, bad or indifferent, it opposes it. It has but one purpose in the world, that is partyism pure and simple and all the time. Listen to its words when the farmers were endeavouring to get a bigger price for their wheat.

Mr. McINTOSH: A splendid paper though.

Mr. BENNETT: It may well be so, compared with the weekly paper which the hon. gentleman runs. Now let us see what in 1928-29 under similar circumstances was the attitude taken by this paper that has no regard for anything that touches the public interest if it can make party propaganda at the expense of any government that happens not to see as it sees. We have not consulted Doctor Dafoe, that is the trouble. As long as you consult him his vanity is tickled and he is quite content that all is well, but if the government do not consult him anything they do is wrong, even although their predecessors did it. Let us see what he said in 1929, when the elevators of Canada were bursting with the largest crop we ever had in our history, when the tariffs of France and Italy and Germany were as I have indicated, when the Argentine was selling its wheat on the markets of the world, so that Canadian wheat could not find a market. What were his words then? On October 4, 1929, he said:

Since July enormous quantities of low-priced wheat have been exported to Europe from the Argentine. Liverpool buyers were

under no necessity to buy Canadian wheat at $1.59 per bushel or thereabouts when they could buy from Argentine at $1.12.

A spread of 38 cents or thereabouts. Then on October 23 what does he say? In the editorial column were these words:

In such a situation, with more wheat offering to buyers than they want, the argument that Canadian wheat should be freely offered at competitive prices seems curious. If it were thrown on the market at prices which made it highly attractive to speculators, it might be bought, but would it be used? The price might fall, and the wheat still remain in storage.

As late as October 23 of that year, 1929, dealing with the carry-over to which I have referred from the crop of 1928 and preceding years, he said:

Whatever the economic effect has been this summer in the Argentine, the fact is that Argentine wheat is being sold at prices in Liverpool which would be disastrous to Canadian producers.

Now I could go on and give further extracts, but I put to the house this question: If it was desirable that the Canadian farmer should not sacrifice his wheat at a loss in 1929 at the Argentine price to which reference has been made, which was then $1.12, is it not equally true that it should not be done now? That it should not be done during the last three or four years? That and none other is the question to be considered. There are the figures, and I ask, and the people of Canada have a right to ask, why a great organ of public opinion would endeavour to induce the people to believe in 1928-29 that the right thing to do was to cling to their wheat until they got a decent price for it, and that in 1935 the right thing to do is to throw it to the winds and let anyone buy it at any price they will. That is the issue.

Now, sir, it is not as though it ended there. I say that my right hon. friend opposite and those associated with him have not the slightest appreciation or understanding of this problem as it then existed. Why? I will tell you: On February 20, 1930, in the last speech from the throne prepared by the right hon. gentleman there occur these words:

The dominion is already recovering from the seasonal slackness evident at the end of the year, and it is not to be forgotten that the bulk of the 1929 wheat crop still remains in Canadian hands for final disposition.

I commend that to thoughtful men. What was done about it? That was in 1930, the crop of 1929 still remained unsold in the hands of the farmers. When we inherited that condition we had to deal with it. And what is more, we did. Now let us proceed. I am going to give some figures with respect to the acres that were sown to wheat in the wheat-producing countries of the world after the war. I shall give a few figures to show what was withdrawn from production in European countries because of the war. I suppose it is hardly necessary to say that if during the war a country could not produce wheat, and subsequently came back to wheat production, it just means that they supply themselves with what during the war they had to buy elsewhere. Now I have given figures with respect to the prices to which wheat had fallen, and I have endeavoured to give some figures indicating the prices which were being received for that wheat. Look at these figures. In 1932 when we had this enormous crop, when the government supported the operations of the pool to the extent they did, when they bought, for reasons that I shall presently say that no government could disregard, I do not believe dared disregard unless they were prepared for complete chaos in this country, what happened? Let us look at the facts. In February, March and April 1933, the average price was 49 cents at Fort William or 30 cents at elevators in western Canada for No. 1 wheat. The imports at that low price averaged only 11,000,000 bushels a month in that three-month period. The reason was that the importing countries had, as I pointed out, accumulated sufficient wheat to carry them over for that time. Now take the last three months of that crop year. In May, June and July, when the government was taking action to which I have referred, buyers in importing countries bought and cleared an average of 21,000,000 bushels a month from Canada. At what price? At 70 cents f.o.b. Fort William. For the six months' period to the end of January in the crop year 1932-33, 285,000,000 bushels were marketed, for which quantity our farmers received only $86,000,000. I wonder if the true significance of that is in the minds of hon. members of the house. In the same six months of 1934 we marketed 177,000,000 bushels of wheat for which the farmers received $107,000,000. That is they sold 108,000,000 bushels less wheat than in the corresponding six months' period of 1932-33 but received for it $21,000,000 more money. In the first half of that year, 1932-33, therefore they really paid $21,000,000 for producing and feeding the world with 108,000,000 bushels of wheat. Now has this house realized just what that meant to Canada? Just what it meant to the citizens of Canada, just what it meant to the factories of Quebec and Ontario, just what it meant to the artisans of this country, just what it has meant in the way of maintaining the integrity of the body politic? That is what I put to this house.

I come now to a point which I think is perhaps somewhat interesting as it indicates the average increase of acreage in other countries. I give these figures in order that we may see why this price structure has been what it is. I want hon. members to realize that other countries have also increased their acreage. The average acreage in Canada for the five years 1909-13 was 9,940,000 acres; in 1927-31 it had risen to 24,590,000 acres and in 1933 it had risen to 25,990,000 acres. The acreage for 1933 showed an increase of 161·5 per cent over the average acreage for the five years 1909-13. In Australia the average acreage for 1909-13 was 7,600,000 acres; for 1927-31 it was 15,000,000 acres, while for 1933 it had fallen to 14,970,000 acres. The 1933 figure was an increase of 96·9 over the 1909-13 figure. In the Argentine the average sown acreage for 1909-13 was 16,050,000 acres; in 1927-31 it was 20,500,000 acres; then followed a decrease in 1933 to 19,660,000 acres. In the United States for the period 1909-13 the acreage was 47,100,000 acres; in 1927-31 it had risen to 60,400,000 acres while in 1933 it had fallen to 47,520,000 acres. This latter figure showed an increase of only nine-tenths of one per cent over the 1909-13 figure. If you take these figures you will see that on the basis of the Argentine increase which was only 22 per cent, we should have increased our acreage to less than 13 million acres instead of to almost 26 million acres. For reasons which are obvious these are the increases which should have obtained. Argentina which has been forcing its wheat upon the markets of the world has increased its acreage relatively less than our own country and other wheat producing countries. Further than that, the Argentine had actually decreased its wheat acreage at one time before it started in to increase the area sown. We are sometimes prone to blame the Argentine for the action it has taken in forcing its wheat upon the markets of the world at a low figure.

We come now to another important matter and one which I think should be considered carefully. I intend to refer to a statement by Broomhall's which gives the consumption of wheat in Europe outside of Russia. I pointed out in this house some time ago that Russia first became a factor in the international trade in wheat after her rehabilitation, to the extent to which she was rehabilitated, in 1930 when she was selling wheat at 60 cents per bushel delivered in Liverpool and London. These figures leave out Russia as that country has not been a factor during the last year or two.

Mr. MACKENZIE (Vancouver): What is the date of that statement?

Mr. BENNETT: The hon. member will see as I proceed. The average production of Europe (ex Russia) for the period 1923-24 to 1927-28 was 1,240,000,000 bushels. The average importations by importing countries for the same period were 601,000,000 bushels. The average consumption by European countries was 1,841,000,000 bushels. It will be observed that you have an average consumption during that period of 1,841,000,000 bushels. It has been stated that there has been a diminution in consumption but I give these figures to show that such is not the case. For the period 1929-30 to 1933-34—these are the crop years ending July 31—the average production of Europe (ex Russia) was 1,496,000,000 bushels. The average imports by importing countries for the same period had fallen from 601,000,000 bushels to 469,000,000 bushels while the average consumption had risen to 1,965,000,000 from 1,841,000,000 bushels. I come now to the last crop year, 1933-34. The European production for that year was 1,749,000,000 bushels while for this year the imports had fallen to 374,000,000 bushels. I ask the house to note that the average imports for 1923-24 to 1927-28 were 601,000,000 bushels and these had fallen to 469,000,000 bushels for the period 1929-30 to 1933-34, there being a further decrease to 374,000,000 bushels for the last crop year. In this last year the total consumption had risen to the largest figure in history, 2,123,000,000 bushels.

I wonder if the true significance of those figures will find lodging in the minds of hon. members of the house? While the average consumption of Europe (ex Russia) had increased from 1,841,000,000 bushels in 1923-24 to 1927-28 to 2,123,000,000 bushels in 1933-34, at the same time the importations by importing countries had fallen from 601,000,000 bushels to 374,000,000 bushels. There is the answer to your problem and I submit it is quite impossible to find any other answer than that you must take care to accumulate your surplus and by the efforts of your country and other countries remove that from the market at a price which will not destroy those who produce it. That is what you must do.

Before I proceed further I should like to place another authentic statement upon Hansard. I have given figures showing the consumption by world countries. I have shown how these countries have diminished their imports of wheat while increasing their production by the methods to which I have alluded. I now propose to indicate to the house the percentage of the entire quantity of world foodstuffs which Canada has supplied since 1922-23. I notice that the president of

the Canadian Pacific Railway made some reference to these figures in a speech he delivered the other day. I am placing these figures on Hansard so they will be there as a record. They are issued by Broomhall's and show that in the year 1922-23 Canada sold to the world 41·4 per cent of all the foodstuffs consumed.

Mr. HANBURY: Is that grain?

Mr. BENNETT: No, foodstuffs.

Mr. YOUNG: Imports?

Mr. BENNETT: Yes. We sold to the world 41·4 per cent of their imported foodstuffs.

Mr. HANBURY: Was that grain or cattle and hogs?

Mr. BENNETT: I am talking about wheat. In 1923-24 we sold 44·4 per cent but in 1924-25 this had fallen to 26·9 per cent. In 1925-26 it had risen to 48·6 per cent but in 1926-27 it had fallen to 36 per cent. In 1927-28 it was 42 per cent, in 1928-29 it was 43·9 per cent and in 1929-30 the year in which we inherited our carry over, it had fallen to 30·4 per cent. In 1930-31 it had risen to 32·9 per cent and in 1931-32, for the reasons given in the table just presented, it had fallen to 26·9 per cent. In 1932-33 it had risen to 43 per cent. The house will note that this last figure is within one and a fraction per cent of the highest figure since 1923. How does that fit in with the statement that we are losing our markets? According to the figures given at the board of trade in Toronto the other day, in 1932-33 43 per cent of the world's breadstuffs—I said foodstuffs, but it should be breadstuffs—came from the Dominion of Canada, and the next year, 1933-34, the figure was $37\frac{3}{10}$ per cent. This year the figures as given by the president of the railway were up to the end of April, but I have the figures to the end of May, and up to the end of May we have supplied 32 per cent of the world's breadstuffs from Canada—32 per cent, which you will observe is a higher figure than we have had for a total year in some years. It is 6 per cent higher than it was in 1924-25 for the whole year; and since that date, to-day being the 12th of June, we have sold substantial quantities of wheat, one day a million and a half bushels, there being an average of half a million a day during that period; and our percentage is going up rapidly. So that I have every reason to believe—I am not venturing an estimate but merely giving a statement of my belief—that we shall find that this country will sell its percentage of breadstuffs to the world in 1934-35 at a figure much higher than it has been at any time during the last few years.

Now I am going to give the house one more set of figures; some hon. members may have seen them but I think it desirable to place these figures on Hansard in order to indicate just what action has been taken to deal with this tremendous problem. In the last five crop years, 1934, 1933, 1932, 1931 and 1930, this country produced 1,734,000,000 bushels of wheat, or an average of 346,000,000 bushels a year; and the carryover on the first of August, including that in the United States, was in round figures 127,000,000 bushels. On August 1, 1930, that is what it was This was prior to the harvesting of the 1930 crop. Let us see what we have to add to our carryover, which was the largest we had, of 127,000,000 bushels. We harvest the 1930 crop and we have additional crops amounting in all to 1,730,000,000, all harvested; and at the moment the total carryover of this country is less than 100,000,000 bushels more than it was on the first of August, 1930. I will deal with the exact figures presently. Let me go one step further, however. The average Canadian carryover in five years of prosperity ended July 31, 1929—reckless speculation, so-called prosperity—was 70,000,000 bushels a year, made up in the manner I have indicated. Now I ask this question: Can the people of this country afford to see the wheat that plays so large a part in our economic life become the sport and play of what is called supply and demand at 38 cents a bushel? That is the issue. That is the whole story. And when I said that part of that wheat was used and consumed, it is only fair to add that part of it was used for other than human food; that is to say, part was used, when the prices of other grains went up, for what I call husbandry food purposes.

Those figures are, I think, perhaps worth considering. They indicate as clearly as can be indicated just what the situation has been. And now I arrive at a consideration of what the situation is. If the house has followed me up to this point, during these years beginning 1930 Mr. McFarland undertook, without salary, to serve his country and western Canada particularly, to the best of his ability. He received no salary, as was stated in the committee a year ago; and he has given himself so unremittingly to his toil that he is now another wreck of this depression, physically. I put this to the house. We did not employ Mr. McFarland; I was in England when he undertook the duties of manager of

the wheat pool. We guaranteed the wheat pool's liabilities later, for the purpose of enabling it to protect and stabilize the Canadian market. Some people have said that that is speculating, and I will deal with that promptly.

The Canadian wheat pool has been the hedge-taker on the Winnipeg exchange. I am going to explain to the house, especially to my hon. friends from parts of Canada other than the west, what is meant in the use of these terms. I have already given the house a clear statement, though not as clear as I should like, of exactly the bushels of wheat that have been marketed in a short period of nine weeks in a great year. I trust that hon. members appreciate that it means there has been a movement of wheat just as fast as it could go through the separators into the elevator and, through the elevator, move to some other point for the purpose of being sold if possible. Now, if the wheat is sold on the market the elevator companies must pay the farmer for it in full, or he may store it and get an advance; but if he does what is done so frequently, he puts his wheat in the elevator and gets his ticket as to weights, and is paid on the basis of the Fort William price for that grade—it being graded to ascertain its quality —at the prevailing rate of that date, converted into terms of price at the elevator, wherever it may be, whether High River or Okotoks or Gleichen or some other point. That being so, the bank provides the elevator with credit to enable it to pay in full. No elevator company has liquid capital sufficient to enable it for longer than a few weeks in the year to carry on business with its own resources. It therefore has to seek accommodation from the banks, and the banks grant a line of credit on the hypothecation of wheat by the elevator company. But they do not stop there. The banks are never willing nor prepared to have a loss by reason of great fluctuations in price, and so they compel their customers, the elevator companies, to hedge their purchases every day, by which is meant that they must find someone willing to buy that wheat. That is a hedge; that is what has to be done. Now I put to this house very simply this single question. When the speculator disappeared from the markets, he having been the hedge-taker in days gone by, and when the purchasers were not on the market to acquire the wheat, who was going to hedge it? That is the question. Who is going to hedge that wheat? There was only one hedge-taker and that was the Canadian cooperative wheat organization, and they had to take, day after day, thousands and even millions of bushels, hedged for the purpose of preventing the development of absolute chaos in the marketing of Canadian wheat. Is there any gentleman in this house who will say otherwise? There were no speculators as in days gone by to take hedges. In days gone by there used to be speculators who took a chance. Many of them from the south had millions of dollars at their disposal; they, including Mr. Cutten whom the hon. member for Témiscouata (Mr. Pouliot) mentioned, and others, were always prepared and willing to buy on the market as speculators. But with the disappearance of the speculators and there being no demand for export by the purchasers who had heretofore been buying wheat, for the reason before given, namely, that they were producing wheat on the scale I have mentioned, then what? Should we have chaos? Should we have wheat backing up until it could not leave the farm? Should we allow the farmer to have his wheat piled up in great dumps on his farm, or should we do what we did, namely, make it possible, by hedging this wheat, for the buying and selling to continue? That is what we did anyway. In hedging the wheat we thereby became ultimately the owners of its unless there was a sale for it, because the hedge taker is the man who becomes the owner of the commodity unless he sells it. That is the story.

I know how difficult it is in the stress and strain of acute partisan politics for hon. gentlemen to agree that anything done by the government of the day is soundly done; but still I put it to the house and to the country: Is there in Canada any living man who would take the responsibility for the chaos that would have resulted had this action not been taken? Now is the time during the debate on the second reading of this bill, not on the hustings where no man can answer, for hon. members to rise in their places and speak. I see the hon. member for West Edmonton (Mr. Stewart) is not present. Let him on the second reading of the bill rise in his place and say that he would not have hedged this wheat nor provided the credit of the Canadian people to save the greatest industry in this country. Let him say that he would support bankruptcy for the whole of western Canada and the destruction of the entire economic structure we have built up during the last fifty years. That is what the matter comes to; let there be no misunderstanding about it. Would any hon. member opposite take such a stand? Would the hon. member for Willow Bunch (Mr. Donnelly) do so? These are not promises; they are achievements; they are the result of what has been

done, and he who runs may read. But if partisanship is so blind as not to be willing to read even the record, so unwilling to grant to your opponents an effort to save the country from destruction and ruin, then of course let your sneering observations be sent to the farmers of western Canada; they are the people to whom they should be sent.

An hon. MEMBER: Oh, oh!

Some hon. MEMBERS: Order!

Mr. BENNETT: Let the hon. member rise in his place and say that he votes against this bill.

I have indicated to the house why we took the action we did, and I am content to leave that record to the judgment of the future; I am content to leave it to my fellow countrymen, to the man who has toiled with his wife and family upon the soil to produce wheat that in 1932 he could not sell for thirty-eight cents a bushel even though we took what we did for the purpose of hedging. I am content to leave the record to them. I am content to leave it to the more fortunate people who live in great cities and towns in eastern Canada to say whether they believe the action taken was sound. When I listen to the sneers of hon. gentlemen opposite, I invite them to rise in their places and say that they are opposed to this bill. That is the test of their sincerity, and not the sneers they make as they sit in their seats, not the sneers they express as they talk among themselves. Let them speak up like men.

Some hon. MEMBERS: Oh, oh!

Mr. BENNETT: I am glad to hear hon. gentlemen opposite laugh as I paint the story of those who have endured toil; I am glad to hear those members to whom such toilers have some right to look for support laugh and jeer. Let the hon. member for Willow Bunch lead the procession.

I should like to refer to what was done with respect to marketing the wheat which we had to take. I have said that we have taken these hedges. We took them in 1933; we took them in 1934 with the only body that was left to do so. Either government support was required or there would be the chaos to which I have referred. Let us see what we have done in the way of selling to Great Britain. The other day I said that I would take several countries and point out what we had done with respect to them. I am not unmindful of the fact that the former Minister of Trade and Commerce (Mr. Malcolm), whom I am glad to see in his place, declared in the house that the trade commissioners can do nothing toward selling wheat. His observation in that regard is a perfectly clear statement and it is one that has met with approval from many hon. gentlemen opposite. He said, as reported in Hansard of March 14, 1929:

> The Department of Trade and Commerce is not exercised over the sale of such commodities as wheat, because those commodities find their own markets; but we are interested in assisting the sale of manufactured products.

To that statement hon. gentlemen opposite have given their approval. Let us go a step further and see what we have sold in the United Kingdom in the way of wheat and flour converted into terms of wheat. Up to the end of April of this year, in this crop year, the United Kingdom has imported 136,800,000 bushels of which Canada supplied 48,100,000 bushels or 35·1 per cent. The percentages of her imports that we supplied are as follows:

Percentage of total imports of wheat into United Kingdom supplied by Canada

Fiscal year:	
1933-34	34.4
1932-33	50.4
1931-32	25.7
1930-31	25.4
1929-30	22.7
1928-29	36.3
1927-28	33.7
1926-27	31.6
1925-26	36.9
1924-25	30.2

The ten year average being 32·73. Thus far in nine months that is excepting the months of May, June and July, we have already supplied the United Kingdom with 35·1 per cent of its total purchases. How does that sound as loss of markets?

The story is that we have lost with respect to the quality of wheat they have been accustomed to, and therefore the bread to which they have been accustomed is an inferior product. I have given the figures to the house. I have shown that the United Kingdom produced 50,000,000 bushels upon which last year they had a subsidy, which was operative for the year before for the first time. I think it is only fair to say that undoubtedly those percentages prior to 1932 should be increased, because there was no clear distinction between all the wheat that was cleared for the United Kingdom and wheat that sometimes went to continental countries. I remember the former Minister of Trade and Commerce pointing out how difficult it was to secure accurate figures with respect to the matter. But since the preference in 1932, the figures are such that unquestionably I think they may be regarded

as accurate, for these figures were secured from the British Board of Trade. Let us bear in mind the fact that from August 31, 1934, to April 30, 1935, the Dominion of Canada has supplied the United Kingdom with 35·1 per cent of its imports of wheat and wheat flour in terms of wheat. How do hon. gentlemen reconcile that with the statements which have been made not in the house but on the hustings? It is not correct to say "the English are eating more bread," because recently the mills appropriated $2,500,000 for an advertising campaign: "Eat more bread." The quality of the bread, by reason of the very circumstance to which reference has been made, namely the use of softer wheat, had not appealed to the British people as it had previously, and they were using less bread. Eat more bread; that was the cry, and they are spending $2,500,000 in that campaign. I repeat that at the end of nine months of this year this country has supplied the United Kingdom with 35·1 per cent of all its importations of wheat and of flour in terms of wheat.

Mr. MALCOLM: Will the Prime Minister permit an interruption?

Mr. BENNETT: Certainly.

Mr. MALCOLM: I should not like to break the current of my right hon. friend's speech, but he is aware of the fact that in 1929 the total volume of business in wheat done with the British Empire was 229,000,000 bushels and that in 1934 the volume was 112,000,000 bushels. There is often a great difference between the amount of wheat which the British re-export to other nations and the amount they themselves consume.

It is wrong to estimate that while Britain did not consume as high a percentage of the 229,000,000 bushels, they were buying less from us. As a matter of fact I think they consumed as much then as they do now, but they re-exported more.

Mr. BENNETT: I can only say that these are the board of trade figures. In 1933-34 the total importations were 200,100,000 bushels, and of that total Canada supplied 68,100,000 bushels or 34·4 per cent. Since the preference was granted these figures have been kept very accurately, for reasons which the hon. gentleman will appreciate, because of the preference of 2s. a quarter.

Mr. MALCOLM: But has the right hon. gentleman the re-export figures in order to compare them with 1928?

Mr. BENNETT: These are the figures without the re-export figures, because there has been no re-export of the wheat that came in under the preference.

Mr. MALCOLM: But has the right hon. gentleman the re-export figures for 1928?

Mr. BENNETT: I said a moment ago that the figures with respect to 1929 were: Total importations, 192,500,000 bushels; total amount supplied by the Dominion of Canada, $69,900,000 bushels, or 36·3 per cent. Those figures, however, in my judgment would be inaccurate because they do include re-exported wheat. The figures I gave previously did not include re-exported wheat, and that is the point I am making.

Mr. MALCOLM: I quite admit that, but my right hon. friend will admit that there was also wheat exported from Canada to the extent of 229,000,000 bushels, all of which did not reach Great Britain.

Mr. BENNETT: That is hardly accurate. The hon. gentleman has the year wrong; in the year 1931-32 total exports to Great Britain from all countries were 229,400,000 bushels, of which 58,900,000 bushels came from Canada.

Mr. MALCOLM: But some of that was re-exported.

Mr. BENNETT: That would be true in connection with the figures up to the time of the preference.

That is the situation in connection with Great Britain. Now let us turn to France. I have heard a great deal of talk about losing markets in that country. Canada shared in the French market to the following extent:

	Bushels
1926	1,483,054
1927	12,016,273
1928	10,300,373
1929	16,647,328
1930	9,906,775
1931	31,606,308
1932	24,628,895
1933	13,746,663

Let me repeat:

	Bushels
1931	31,606,308
1932	24,628,895
1933	13,746,663

And what about 1934, when France had the largest wheat crop in many years, when she was selling denatured wheat in the United States, and when French flour and French wheat were displacing British empire wheat on the English market? How much do you think we sold France in that year? France only imported 10,953,159 bushels in 1934, and of that total Canada supplied 9,606,530 bushels. Those figures were given me by the French ministry of commerce.

Mr. MALCOLM: All for seed.

Mr. BENNETT: That is not so; I am not talking about the Morocco situation at all.

Under the agreement we have with France, when France sells 100 bushels of wheat they are allowed to acquire 100 bushels of wheat, and as I say, of the 10,000,000 bushels, the total that have gone into France, exclusive of the importations from France's own dominions, 9,606,530 bushels came from Canada.

Mr. MALCOLM: But my hon. friend knows that France bought no wheat except for seed.

Mr. BENNETT: I know just the opposite. I trust that in his absence the hon. gentleman has not been entirely asleep. That is not so, and my hon. friend knows that it is not so. He knows that 10,000,000 bushels of wheat were not imported by France in 1934 for seed; he knows that the importations for seed went to Morocco, Algeria and other countries. I am taking the figures they themselves gave as to the quantity of wheat they imported, and they used that wheat for strengthening their own wheat. They did not use it for seed; they used it for bread.

Mr. MALCOLM: Then my right hon. friend had better refer to his own minister, the Secretary of State (Mr. Cahan), who gave that explanation at the time he put through the French treaty.

Mr. BENNETT: I am talking about last year, 1934, about which apparently the hon. gentleman knows nothing, and I am giving the figures as they have been given me by the French people.

Now let us come to the next country, Germany. How much wheat did Germany import last year? Germany has been cultivating every little corner for the purpose of growing wheat, and everyone knows what has happened in connection with present conditions in that country and the production of foodstuffs. Germany imported 23,771,356 bushels of wheat, of which the Dominion of Canada supplied 15,944,040 bushels. But in Italy the situation is entirely different. The Danubian countries supply the wants of Italy. All you have to do is read the recent diplomatic history of what has taken place in connection with the Balkan countries and Italy to realize the situation there. Of a total of 17,241,700 bushels of wheat imported by Italy, Canada supplied 1,581,239 bushels.

There is the story. Those are the three great countries about which discussions have taken place, and I have shown why they have limited and lessened their importations. I have not touched upon the draining of the pontine marshes in Italy and the increasing acreage that has resulted, though I have the information before me. I have shown, however, that despite the increase in acreage, the purchase of wheat they have made abroad have come largely from the Dominion of Canada, except in the case of Italy, which has bought wheat from the Danubian and Balkan countries.

Then there is another class of countries, those on the gold standard, who found it impossible to buy wheat from across the Atlantic ocean. They had what were called clearing house agreements. I heard a distinguished member of the French ministry of the day say in Geneva that they were very bad, because they were the very negation of the promotion of international trade. What are these clearing house agreements? They merely mean that if Switzerland wishes to buy wheat she says, "You must buy from me commodities of equal value in order that I may have the exchange with which to make the payments." So instead of having a free and open transaction a clearing house is set up and there is an entry in the clearing house of all the purchases that come into the country and all the sales that go out, all the imports and all the exports, and the exchange is then made available for the purpose of meeting the obligations incurred in connection with the purchase of wheat, for example.

These clearing house agreements are impossible in this country unless we are prepared to accept the manufactured goods from these other countries, to displace Canadian production. That is the story. If we are willing to do that all we have to do is say so, but if on the other hand this country desires to maintain its economic structure and have regard to the welfare of half its population, in cities and towns, it is quite obvious that these so called clearing house agreements cannot be maintained successfully. They are the very negation of international trade, because the essence of international trade is not that it should be balanced but that there should be adjustments between respective countries from time to time, between A and B and C and D, a surplus here and a deficit there. With England, for instance, although we pay out £12,000,000 annually for interest on our obligations, the truth is that even with that, owing to her purchases from us of foodstuffs, there is a favourable balance. With the United States, with branch factories, and with the purchasing of raw materials there is a balance against us which is compensated by invisible items such as tourist trade and matters of that kind. These clearing house agreements mean the very negation of the establishment of international trade and the return to normal conditions. I heard a French econ-

omist say that at a meeting of the League of Nations last fall, and I agreed with him, because that is the reason we have not had provisions of that sort up to this time. I will say frankly however to this chamber that with these clearance agreements, such as now exist between South America, Europe and Great Britain it may be essential for this house to grant authority for putting clearing house agreements into operation.

But despite all that can be said, the figures I have just read to the house are those supplied by competent authorities to show that this country has supplied almost 90 per cent of the wants of France with respect to wheat, 15,000,000 bushels out of 23,000,000 to Germany and, it is true, for reasons which I need not labour, less than 2,000,000 bushels to Italy.

I believe I have about concluded all I desire to say. One matter however I think should be stated, and that is our present position with respect to the current year. The current year finds Canada in this position, namely, that by accepting hedges in 1932, 1933 and 1934—by acquiring hedges the pool has left upwards of 200,000,000 bushels of wheat as an accumulated carryover from the years I have indicated.

Mr. VALLANCE: There are 227,000,000 bushels.

Mr. BENNETT: Possibly the hon. member has better information than I have. Probably I should say there are between 200,000,000 and 230,000,000. Only the other day 1,500,000 bushels were sold, and on another day a half a million bushels were sold. I should say the figure would be approximately 220,000,000 to 225,000,000 bushels. At any rate, that is my idea of what it would be.

It is true that last year in committee the view was expressed that it was not desirable to make these figures known. The debate which developed indicated that there was a sharp division of public opinion as expressed by the members who were there. On that vote a large number of members expressed their desire to disclose the figures. The following Liberal members voted to disclose them: Hurtubise, Nipissing; Raymond, Beauharnois; Lapointe, Quebec East; Power, Quebec South; Mackenzie, Vancouver Centre; Ralston, Shelburne-Yarmouth; Howard, Sherbrooke; Donnelly, Willow Bunch; and Duff, Antogonish-Guysborough. Conservatives, Progressives and the remaining Liberals on the committee opposed the publication. There was a vote of 26 to 10 not to disclose the financial position of operations.

In view of the evident desire of men occupying high positions in the Liberal party I have no hesitancy whatever in making known the figures which, although it changes from time to time, is I believe at the present time between 220,000,000 and 225,000,000 bushels. That has accumulated in the manner I have indicated. This has been accumulated on the guarantee of the Dominion of Canada, under the circumstances to which I have alluded.

I shall add only one word further. I have endeavoured as fully as possible to disclose to this chamber the position of the wheat business in Canada.

An hon. MEMBER: You didn't say how much.

Mr. BENNETT: I didn't say what? I have endeavoured to make known to this house the world conditions which have rendered it impossible to find a market for the over-production of Canadian wheat. Had I desired to take the time I could have given the surpluses, and carry-overs of other countries. Nature has limited production in some countries and stimulated it in others. But I know of no method by which we could have prevented a debacle on a scale never before known in this country than the method we adopted. I know some have suggested we should have let the wheat go at any price and withdrawn our guarantee. I am not prepared to do that. I do not yet think that is a sound policy; I have not changed my mind with respect to that point.

The bill, the second reading of which I have moved, is one predicated upon the fact that the general manager of this company whose operations have enabled this end to be accomplished is not further able to discharge his normal duties. I have indicated, therefore, that a wheat board in name—because we have had one in reality during the last two years—that a wheat board in name and reality should be set up. The terms and provisions of the bill are short and simple. It provides for the marketing of the Canadian wheat crop through the channel I have indicated, not through a private enterprise. It is to be done through a public board created by the Dominion of Canada for the purpose of ensuring against the destruction of that measure of economic stability, weak though it may be, that we through our efforts have been able to build up in the last few years.

I should not care to contemplate what the position would be had this action not been taken. I shall await with great interest the statements of hon. gentlemen opposite as to what course they think should be pursued,

other than that which I have suggested to meet the situation now confronting us. I repeat now what I stated at the beginning: We have an obligation that is not limited to our own country, because as the chief exporter and the third greatest producer of wheat we have a duty to all wheat exporting countries to give such help and assistance as we may to prevent wheat being sold at a price ruinous to the producer, one which will not permit him any return on his money and does not enable him in any sense to reap the reward for the effort of his hands. It is for that reason that the bill is commended to the house. I offer it with a great deal of confidence that it will meet with the approval of those who believe that the welfare of their country transcends that of any party.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, there is one thing upon which hon. members on this side of the house may congratulate the Prime Minister, and that is on his return to normalcy. I do not think he has ever so excelled himself in truculence, bombastic utterances and general partisanship, as he has in the speech to which we have just listened.

At the last minute the right hon. gentleman has appealed to the house to have this matter considered in no party spirit. But almost every line of his speech, every sentence of it, has been an attempt to glorify the government of which he is the leader, and to deprecate the efforts of anybody else. I say this, too, that the right hon. gentleman has not hesitated to misrepresent the attitude of hon. members in this chamber, thinking possibly that he might bring support to a cause he now espouses. I propose to deal with that point before I have concluded. Let me say to the right hon. gentleman that I have neither the information before me, much less the ability, to deal with the mass of figures with which he has smothered this house and with which he has smothered the real issue contained in the bill. The right hon. gentleman has taken a tilt at the editor of the Winnipeg Free Press, a gentleman who is not here to answer for himself. The editor of the Winnipeg Free Press I think is quite able to take care of himself, and we need not worry about him. My right hon. friend has also set up some invisible opponent—because so far as I know no hon. member sitting in this house has as he suggests opposed the assistance which has been given to the western wheat grower during this time of stress and strain. There is not a man sitting on this side of the house who has opposed that assistance. My right hon. friend's brave challenge to stand up like men and vote, and all this bravado which he has exhibited this afternoon, is quite beside the point. He is only setting up a straw man and knocking him down again. Of course he had to inject a certain amount of that sort of thing into his speech to indicate that he was making his come-back, of which we are all glad, but I say to my right hon. friend that on a subject which he asks to have dealt with seriously he should not give way to the truculent tone and bombastic utterance in which he indulged this afternoon. His speech was nothing more or less than a partisan appeal, an election appeal of a dying government.

My right hon. friend has left his headliner for the campaign to the last. Up to this day, June 12, let it be known this house has never been told the amount of wheat on hand carried by the central selling agency to which my right hon. friend has referred. On May 21 last my right hon. friend in answer to the hon. member for South Battleford (Mr. Vallance) made a reply concerning this question which he now puts before this house in this long speech, which would rather indicate that he was then of a somewhat different mind than he is to-day respecting the importance of this matter. As reported on page 2926 of Hansard Mr. Vallance asked the following question:

> I would like to ask the Prime Minister if he can indicate to the house when we may expect to deal with the resolution now standing in his name proposing to set up a wheat board or at least a grain board.

And what was the answer?

> Right Hon. R. B. Bennett (Prime Minister): When other business more pressing is disposed of that will be dealt with in due course.

What has been the pressing business which has been dealt with in the meantime? Facing as we do the close of the session probably next week, we are called upon to deal with this momentous question which my right hon. friend says, and I think quite properly, almost transcends in importance any other question facing the Dominion of Canada at the moment except perhaps unemployment. What business have we had which has been regarded as more pressing than the wheat question? Well since the Prime Minister made that answer we have dealt with fair wages on public works, simply the putting into statutory form of an order in council which has existed all along, this measure by the way not to come into effect until May 1, 1936. Much more pressing than the wheat question! We have dealt with weights and measures. We saw two sessions of this house

devoted to consideration of a bill respecting patents, and a debate between the hon. member for East Kootenay (Mr. Stevens) and the Secretary of State (Mr. Cahan) with regard to a particular provision, and the Prime Minister taking a rather prominent part in that debate. We had the amendment to the Industrial Disputes Investigation Act, simply an enabling measure which permitted complaints to be made to a board set up under the act, this being I understand since rejected in another place. We had amendments to the Criminal Code in connection with legislation which the Minister of Justice admitted was invalid and inefficacious and that convictions could not be secured under it. All that took precedence of the matter of the establishment of a Canadian grain board. And we have had supply in connection I think with half a dozen different departments. That answer, Mr. Speaker, was given three weeks ago; and now, with this house expecting to prorogue next week, my right hon. friend introduces this bill, dealing with the biggest and probably the most pressing problem before the Dominion of Canada at the present time. In that deluge of figures which my right hon. friend put on Hansard he omitted to tell us how much this country is committed to in connection with the guarantees given by the government, guarantees which were not even formulated by an order in council but by a letter written by my right hon. friend in January, 1931, not put into shape as an order in council until September, 1931. In those four years we have not been given a single item of information on that matter, nor have we had any information on it this afternoon in spite of all my right hon. friend has said, going back as he has to ancient history, 1920 and 1921, telling us the acreage of the different countries during these years and the amount of production and value of exports and all these one hundred and one things. This fills up Hansard, but I submit with all respect to my right hon. friend that it does not assist us in considering intelligently and deciding the problem which he says is the greatest problem of this country to-day. He has cited reams of figures even the duties put on by all the countries of the world beginning back in 1921. Has my right hon. friend in giving his comparisons, in stating that 35 per cent I understood him to say, of Great Britain's imports of wheat came from Canada, given a comparison between Canada and the Argentine, which I had the opportunity of putting on Hansard a short time ago? My right hon. friend has dealt in percentages, but with all the wealth of figures it seems to me it would interest us to know whether or not our competitor, which admittedly is the Argentine, is gaining on us in the British market. The figures which are on Hansard already, and which I shall read again in order that this matter may be easily available at this time, are these:—I give just the round figures:

British Imports of Wheat
from September 1, 1932, to January 31, 1933

	Bushels
From Argentine..	3,635,000
From Australia..	10,358,000
From Canada..	51,696,000

For the same period in the following year Britain imported from Argentine not 3,635,000 but 12,176,000; from Australia instead of 10,358,000 she imported 17,661,000, and from Canada instead of 51,696,000 in 1932-33 she only imported 29,406,000.

My right hon. friend deals in percentages; I am dealing with bushels. I think the western Canadian farmer understands those terms better. From September 1, 1934, to January 31, 1935, I find that Argentine, which the year before had, as I have said, only exported to Great Britain 12,176,000 bushels, had increased this amount to 26,000,000; from Australia, Great Britain imported 17,000,000 bushels in 1933-34, and 15,900,000 in 1934-35. From Canada the bushelage imported by Britain actually fell off by 2,000,000, although the imports from Argentine had more than doubled.

Why does not my right hon. friend give us these figures?

Mr. McINTOSH: Another case of depending on the newspaper.

Mr. RALSTON: I submit they are rather relevant in considering the effects of the policy of this government. He gave us the duties in France back in 1923 and told us about the lira in Italy and paper pesos in Argentine, why did he not give figures which would assist us in considering this bill?

While mentioning Argentine may I call attention to the fact that my right hon. friend has done us the honour of putting on record the fact that Argentine in cleaning up her situation only made a loss of something like six or seven million, including administration expense perhaps eight million in all.

Mr. BENNETT: Only $2,200,000.

Mr. RALSTON: My right hon. friend in his delightfully vague way said that we had a carry-over of less than 100,000,000 bushels more than 1930, a rather left-handed way of conveying the real fact that our carry-over is more than 200,000,000 bushels this year under the policy of my right hon. friend.

Now those are the matters which my right hon. friend has dealt with. I hope he does not expect me to go into the mass of figures he gave. I do not propose to deal with Mr. Dafoe and I do not propose to deal with the many statistics which have nothing to do with the question now before this house.

However, I do want to submit something which we in this house have pointed out in debate, not on the hustings but across the floor of this house. We have called attention to the disastrous results of the policy of this government in connection with the wheat growers but my right hon. friend has not deigned to mention that. He goes to some newspaper and quotes someone who is not here, he quotes something which has been said on the hustings somewhere by someone else who is not here but he has not dealt in any way with the statements which have been made across the floor of this house as to the effect on this country and the wheat growers of the policy of this government.

We have dealt with that policy as it affected the farmers and we have dealt with it also as it affected the country generally. We now know at last that we have over 200,000,000 bushels of a carry-over this year and we do not know what are the commitments of this government to the bankers. Should this wheat be marketed at to-day's price we do not know whether the loss would be $30,000,000, $100,000,000 or no loss at all. We have received no information of any kind but in the dying days of this session we are being asked to commit this country, not to a hit and miss policy such as my right hon. friend has had in force during the past four or five years during which he has been the wheat dictator of Canada, but to a permanent policy. Now when we are within probably one week of the end of the session we are being asked to do this. It is over five years since the previous parliament was dissolved and we are at this late date suddenly confronted with the policy that Canada shall go permanently into the wheat business, that there shall be created a government monopoly in connection with the handling of grain. That is what my right hon. friend advocates by this bill but he is very careful not to defend it when he makes his speech. He contented himself with challenging people to vote against—what? Against what the government has done in the past in connection with assistance to farmers. That is all. There is no challenge as to voting in connection with this bill. He hardly mentioned it.

I do not intend to deal at length with the policy outlined in this bill but I submit that the first point for the consideration of the government and the country is this: If the policy embodied in this bill is to be a permanent policy, this is no time to place upon members of the House of Commons and the people of the country the obligation of deciding as to such a permanent policy without being in possession of more information than we have to-day. How can we at this stage intelligently consider what should be done and how can we know what the western wheat grower wants? We have not been told by my right hon. friend. There has been no consultation with the western wheat growers with regard to this matter, my right hon. friend suddenly brings down a bill which will place the government in the wheat business. It is not fair to the country, it is not fair to the western wheat growers and it is not fair to this house for my right hon. friend to bring down a bill at this stage and attempt to fasten on the people of the dominion of Canada by means of his majority in this house—it is not a majority in the country—a permanent policy in connection with wheat. Has this government any right to commit this house or to commit the people of the Dominion of Canada to a policy as farreaching as this one?

Mr. HANBURY: Or to any policy.

Mr. RALSTON: Or to any policy, as my hon. friend suggests. This government has been told repeatedly at every by-election that they have not the confidence of the people of Canada and yet my right hon. friend proposes at this time to saddle the western wheat grower with a policy of his kind. He has had five years in which to inaugurate or develop a policy but only in the last hours of the last session of parliament does he act. It is very much like the unemployment relief policy with which my right hon. friend has been shuffling along year after year, making the one hand wash the other; he has had no constructive policy or no definite objective. The wheat business has been in the same category but my right hon. friend now emerges at the eleventh hour, yes, at the half past eleventh hour or about a quarter of twelve with a policy which he proposes shall be accepted by the people of this country willy nilly because of the majority he has behind him. I submit that my right hon. friend should not expect the House of Commons and the country to accept from his hands a permanent policy concerning this great question which affects not only the western wheat grower but the whole Dominion of Canada. We should not be asked to do this without being afforded the

opportunity of giving it more consideration than it has been possible to give up to this time.

I do not believe that the people of the Dominion of Canada are favourable to a compulsory wheat board, to a board the constitution of which will mean that every wheat grower, every elevator man and everybody engaged in the wheat business must deal with the government agency and no one else. This matter of policy has been discussed before not only in this house but throughout the country. The government has carried on with a voluntary system for five years as Mr. McFarland and the Canadian Cooperative Wheat Producers Limited have been nothing more or less than a board conducting voluntary market operations. A man was entitled to sell or not sell to Mr. McFarland as he saw fit. I submit that so far as the western wheat grower is concerned that the voluntary system should be continued until there has been more opportunity to consider the matter. I do not believe the compulsory feature of this bill will meet with approval, either in the west, in the east or in this house. After all the people still feel that subject to government regulation and control they should have some rights in connection with the marketing of their product, but my right hon. friend has injected that feature into this bill.

What is the real problem facing my right hon. friend? Why is this bill being brought down at the last minute to shear Mr. McFarland, whom we all regret to hear is ill, of his authority and replacing him with somebody else? We submit, and we are not afraid to tell this to the public of Canada, notwithstanding the truculent challenge of my right hon. friend, that it is being done for the purpose of covering the mistakes of this government in connection with its wheat policy. It is to cover up the particulars of which the Prime Minister (Mr. Bennett) with all his show of candour, with all his show of furnishing information has not put upon the records of this house up to this moment. What is the situation? Subsection (b) of section 7 of the bill provides that the Canadian grain board to be constituted by the bill shall be empowered to take over on such terms as the governor in council thinks fit the wheat held by the Canadian Cooperative Wheat Producers Limited. What does that mean? It means that all the bookkeeping, all the guarantees, all the liabilities of the Canadian Cooperative Wheat Producers Limited and all the mistakes and errors will be handed over to the new grain board. So far as was indicated this afternoon by my right hon. friend, this house is to have no information as to the extent of those liabilities and the extent and nature of the operations carried on during the past three or four years. We are not to be told what has been bought and sold or what was the amount of wheat on hand from time to time except that in answering a question this afternoon the right hon. gentleman at this last moment put the wheat on hand at somewhere between 200,000,000 and 225,000,000 bushels. That is the extent of the candour exhibited by my right hon. friend on this occasion, he tells us something which every hon. member, every person in the country, and every newspaper has known and in order to surround the whole thing with a proper degree of mystery he attempts to smother us with statistics.

Let me say to my right hon. friend that the house will not accept subsection (b) of section 7 of the bill without the fullest information being furnished as to the operations of the Canadian Cooperative Wheat Producers Limited during the last three or four years under the direction of the Prime Minister.

With regard to the operations of Canadian Cooperative Wheat Producers Limited, under the direction of the Prime Minister during the last three or four years, let me say this. When I observe that the board has made some mistakes I am not saying anything that has not been said in this house before. I have indicated it very plainly and I only want to mention it now so that my right hon. friend will not think that I am simply dealing in generalities. I can only tell him what the reports are; and if they are as authentic as the reports that have been given with respect to the amount of wheat he has on hand, they are not far from being correct. The reports are that my right hon. friend and the Canadian Cooperative Wheat Producers Limited, which he was directing, in the earlier part of 1933, although the price of wheat was at least equal to the amount which it cost the Canadian Cooperative Wheat Producers Limited, and notwithstanding the fact that the world price was up to that price, did not dispose of a bushel of wheat but held on to that grain, and that lack of action is one of the contributing factors accounting for the two hundred million bushels odd which we have to-day. That is the first thing to be noted. As a matter of fact, at that very time, if the reports are correct, when the duty of the Canadian Cooperative Wheat Producers Limited, by virtue of the order in council under which they were appointed, was to dispose of

wheat, instead of selling it they increased their holding. They increased it at a time when stocks should have been reduced as much as possible; and if the reports are correct, in that same year, a little later on, Canadian Cooperative Wheat Producers Limited, with my right hon. friend's approval —because, according to the records on Hansard, the government was fathering and sponsoring everything they did—in that same year, 1933, I say while they sold twenty or thirty million bushels, it was not more than fifteen or twenty days after that before the same agency which had sold the twenty or thirty million bushels, in order to get it out of the bins and out of the country, solemnly turned round and bought it back—not at the price which it had cost them originally, and which was probably between 55 and 65 cents? No; not at that price but at the market price at that time, between 75 and 80 cents. They paid more for it than the wheat originally cost them—why? My right hon. friend will pardon us if we wonder whether it was not for the reason that the government thought they saw an opportunity to catch wheat on the way down and then sell it on the rebound, thus demonstrating to the country how successful they had been as operators in wheat. There can be no other explanation for it. This was in the summer of 1933. My right hon. friend insists that they did not speculate, but I do not know what he calls it when the fact is that they sold twenty or thirty million bushels and then turned round and bought the same quantity a few days afterwards, not at the price which it cost them but at a price at least 15 cents above the amount which they had paid—and this, I presume, in the hope of taking advantage of a rise later, believing that this was only a recession in the market. And there were no farmers selling wheat at that time as my hon. friend from Willow Bunch points out. The result was that this agency set up by the Prime Minister and this government, which was to dispose of wheat and which had only seventy-five million bushels to dispose of on the original take-over, as it appeared on July 31, 1931, and having on hand in May, 1933, one hundred and forty to one hundred and fifty million bushels, increased their holdings by four or five million bushels in August of the same year. That is the way the liquidation process was carried on.

Again in the summer of 1934, if the reports are correct, although they had on hand between one hundred and sixty-five and one hundred and eighty million bushels—and remember that they had only seventy-five million bushels to dispose of in the first place—in order to be good fellows they purchased three or four million bushels more—for what purpose? To stabilize the market? No; wheat was 80 cents a bushel at that time and the wheat they already had cost them 65 cents, but they took a little flyer in wheat, hoping that it would go up. And in July or August, if the reports are correct, although as my hon. friend knows wheat was consistently advancing in those two months, not a bushel of wheat was disposed of, so far as we can gather from any information we can get. Yet my right hon. friend defies us to stand up and vote against the assistance that has been given though he has not offered us any information with regard to these matters, which are already on Hansard, which are not unknown to him, and which were brought up in the budget debate.

The right hon. gentleman did omit to mention the fact that the manager of the Canadian Cooperative Wheat Producers Limited, speaking at Moose Jaw—I cannot give the exact date but it was about four months ago—predicted that those who in this dominion were assuming that there would be a large carryover, would be very much mistaken because the carryover as he figured it out would be eighty-one million bushels and at the outside not more than one hundred million bushels. Well, we have heard the Prime Minister's statement that the figure is from two hundred million to two hundred and twenty-five million, and he thinks we ought to open our mouths and shut our eyes and take the bill at a gulp, in the absence of information with respect to the administration of this undertaking.

These are some of the matters on which it seems to me this house as well as the country is entitled to receive information. I repeat to my right hon. friend that he will not find any record of any man in this house opposing or criticizing the action of the government in granting assistance to the western wheat situation. No criticism had been made of the action taken but there has been criticism expressly on this point, namely, as regards the method whereby the undertaking was carried out. That is the only criticism which is levelled at him, and that criticism he has to meet in the country on the hustings when the time comes.

What has been the effect of all this? The result is that we have over two hundred million bushels of wheat on hand. What, I ask, has been the effect, not simply on the taxpayers of Canada but on the western wheat grower? The western wheat grower with his new crop will in a month or two find himself in competition with about two hundred

million bushels of wheat which he thought he had sold but which is being held at the present time by this government and is hanging over the market. And my right hon. friend, with all his knowledge of the western situation, with all his knowledge of the financial situation, must know that this is bound to be a very important factor in relation to any possibility of increasing the price of this commodity in world markets, as he is so anxious to do. We have two hundred million bushels held by the government of this dominion and no information as to when it may be thrown on the market—nothing to indicate what may be the policy of the government with respect to it, but it is simply to be handed over to the grain board, under this government for the time being, if my right hon. friend intends to appoint the board before the election. It is to be left to the mercy of this policy of hit or miss, the interests of the producer being left out of consideration entirely.

As regards the interests of the producer, let me read a dispatch which appears in the Ottawa Journal of June 12, to-day, in connection with wheat shipments:

The dispatch is from Fort William as follows:

> World Wheat Shipments In Substantial Increase
>
> Fort William, June 11.—World shipments of wheat and flour during May increased substantially over April, it was shown to-day in the monthly report of the board of grain commissioners. Exports from North America, the report shows, so far this crop year have decreased sharply from the same period of last year, in comparison with increases in Argentine and Australian clearances.

My right hon. friend, in his desire to be fair, went back as far as 1920 and 1921, but he omitted to give the figures for to-day, June 12.

Mr. BENNETT: I may say that those figures were included in the statement I gave. I gave the figures up to the end of May.

Mr. RALSTON: Not to date.

Mr. BENNETT: Those figures were the same.

Mr. RALSTON: They might possibly be included in the mass of figures given by the right hon. gentleman, but I noticed very distinctly that when he was asked a question by my right hon. leader, the latter received a very sharp reply to the effect that my right hon. friend could give only the volume of exports to the end of the crop years. He used the expression "facts, not fancies."

Mr. BENNETT: I gave the figures to the end of May.

Mr. RALSTON: He gave prices to the end of May.

Mr. BENNETT: I gave the figures.

Mr. RALSTON: I accept the right hon. gentleman's statement, but I do not remember it. I made a very careful record of that and I do not find the volume of exports up to the end of May.

Mr. BENNETT: I gave the figures.

Mr. RALSTON: I accept my right hon. friend's statement, but Hansard will record what was said. I thought that was the question on which my right hon. leader had asked for information and had been rather cavalierly refused it when it was requested.

Mr. BENNETT: That is not the question he asked.

Mr. RALSTON: My right hon. leader is within the recollection of every hon. member as having asked for a statement up to date with regard to the volume of exports.

Mr. BENNETT: He asked if I would give an estimate of the carry-over at this time. That is not a question as to the exports at all.

Mr. RALSTON: That is one point; that is to say, the necessity for the fullest information in connection with the transactions which have taken place in connection with the Canadian Cooperative Wheat Producers transactions and the other point is the one which I have already made, that this is no time for the government to attempt to impose upon Canada and the Canadian wheat growers a permanent wheat policy. I was proceeding to state what effect this policy had had on the western wheat grower himself. As I pointed out, he finds himself in competition with the wheat which he thought he had sold. Next, he finds, notwithstanding what my right hon. friend says about percentages, that the customer on the other side is learning to do without Canadian wheat and that, notwithstanding the fact that my right hon. friend boasts about having been given a preference of six cents a bushel on wheat, the Argentine is outstripping us in exports to Great Britain. That, the western wheat grower can appreciate fully. My right hon. friend may bluff and bluster, as he did this afternoon, on the platforms of western Canada—

Some hon. MEMBERS: Order!

Mr. RALSTON: Would hon. members permit me to use the word "bluster"? I will

withdraw the word "bluff." My right hon. friend may bluster on the platforms of western Canada with regard to what this government has done for the western wheat grower, but the latter will have a very vivid and lively recollection of the fact that he is in competition with his own wheat which he thought was off the market, and that the market is very largely lost to him. My right hon. friend is only anticipating his own downfall when he makes such statements.

Mr. GOTT: Will the hon. member permit me a question?

Mr. RALSTON: Yes.

Mr. GOTT: To show whether his party is going to be returned to power, I would like to have him indicate any section of Canada where there is any public enthusiasm for him or his party or his leader. There certainly is none in my constituency.

Mr. RALSTON: If my hon. friend will consider four out of five ridings in which by-elections were held recently, he can find that out; and there were also a couple of by-elections which took place the year before.

Mr. GOTT: I am referring not to by-elections but to a general election.

Mr. RALSTON: My hon. friend ought not to allow his enthusiasm to deceive himself with regard to his own constituency, because he may even find some difficulty there.

We recognize just as fully as does anybody else, the importance to the dominion of the western wheat grower, of the product which comes from there, of the value which it represents to those in the east and of the fact, to use my right hon. friend's resounding phrase, that the "body politic" is very much concerned with the prosperity of the men and women who till the land out in the west. Regardless of what my right hon. friend says, he will find on this side of the house just as enthusiastic, warm-hearted, sympathetic and sincere advocates of the interests of the western wheat grower as he himself assumed to be this afternoon. Let me say to him that we realize fully the gallant fight which is being made by the men and women in that part of Canada. But we believe they have some rights there, and the government of the dominion cannot and ought not to take from them without security the right to market their product subject to regulations and subject to assistance which may be regarded as necessary from time to time.

My right hon. friend has asked for suggestions, and I think he is entitled to the answer that he gave so often when he was on this side of the house—"When I am called in, I will prescribe." Speaking for myself, my view is that legislation of this kind should not be of a permanent character without very much more consideration than can be given to it at this late date. We on this side are quite prepared, as we always have been, to recognize the situation in the west. We are quite prepared to recognize that one of the great problems of the farmers of the west is the fact that their bins are not empty while those of the Argentine farmers are; we believe that a board when it is appointed, if it takes over the undertakings of the Canadian Cooperative Wheat Producers, should be vested with authority and should have as one of its major duties the obligation to see to the liquidation of that wheat as soon as that can be done in an orderly fashion. That is one of the duties which seems to have been neglected by Mr. McFarland who under my right hon. friend has succeeded in increasing the holding of 75,000,000 bushels up to more than 200,000,000 bushels in the last few years.

Mr. GOTT: Is the hon. member for or against the bill?

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

Thursday, June 13, 1935

The house met at three o'clock.

PACIFIC COAST SHIPPING

FOURTH REPORT OF SELECT STANDING COMMITTEE ON INDUSTRIAL AND INTERNATIONAL RELATIONS

Mr. F. W. TURNBULL (Regina) presented the fourth report of the select standing committee on industrial and international relations, as follows:

Your committe has considered the following resolution as amended which has been referred to it and which is in the following terms:

"Resolved, whereas great numbers of Canadian seamen on the Pacific coast of British Columbia are out of employment and in many cases destitute; and whereas owners of ships and vessels of Canadian registry on the Pacific coast of British Columbia give employment in large measure to seamen, cooks and engineers of Oriental origin; and whereas other countries give greater consideration to the employment of their own nationals on ships and vessels belonging to their own country; and whereas the Canadian government grant large sums of money to the owners of ships and vessels by way of subsidies; and whereas it is desirable that every encouragement be given for the employment of officers, seamen, cooks and

engineers of white Canadian citizenship in preference to those of Oriental origin on all Canadian owned and registered ships and vessels; therefore be it resolved that the question of employment of greater numbers of white Canadian citizens on all ships and vessels of Canadian ownership and registry, the owners of which receive grants of money from the public treasury of Canada, be referred to the standing committee on industrial and international relations."

No evidence was submitted to the committee to indicate the numbers of Canadian seamen on the Pacific coast of British Columbia who were out of employment or destitute nor with respect to the consideration given by other countries to the employment of their own nationals on ships and vessels belonging to their own country.

According to the evidence submitted to the committee, money is paid from the public treasury of Canada to owners of ships of Canadian ownership and registry in two ways —one by direct subsidy or grant and, second, for carriage of mails. Your committee is of opinion that the latter form of payment is pursuant to a contract for service and is not a grant and is therefore not within the terms of the reference.

Again, according to the evidence, there are ships engaged in coastwise trade and others plying between Canadian and Oriental ports, some carrying freight and some carrying passengers as well. Some of these ships carry mail for the Post Office Department as a condition of receiving a subsidy from the Department of Trade and Commerce and some receive a subsidy from the latter department and are paid an additional amount for their services to the post office.

With respect to subsidized trans-Pacific trade it appears from the evidence that there is no contract between any department of the government and the steamship lines engaged in such trade requiring the employment of any proportion of white Canadian citizens. It was represented by witnesses from the departments of government concerned that with respect to freight traffic, Canadian lumber is being carried into a highly competitive market in competition with subsidized American ships carrying American lumber, and that any change that might result in increased cost might endanger that portion of Canadian export trade; and that with respect to the passenger trade there is the additional difficulty in employment of white Canadian citizens where a substantial portion of the passengers are oriental.

The evidence submitted establishes that the ships engaged in the coastwise trade, the owners of which receive subsidies, are required by contract to employ British subjects to the extent of two-thirds of their full personnel but these British subjects are not required by the contract to be white Canadian citizens. This term of the contract is being fully carried out in all cases and as a matter of fact it appears that more than the required two-thirds are white as well as British. The evidence established to the committee that no change in the contracts with respect to employees has been made in recent years.

Your committee are of the opinion that while in view of economic conditions and the keen competition existing for international trade the carriage of freight and pasengers should not be unduly hampered and while it appears from the evidence that owners of ships referred to are making reasonable efforts to comply not only with their contracts but with the spirit of the resolution referred to the committee, nevertheless the departments of government concerned should be urged to continue to keep close check on the operations of such ships so as to secure the employment of as many white Canadian citizens as is reasonably possible.

A copy of the minutes of proceedings and evidence is tabled herewith.

PENSIONS FOR THE BLIND

Mr. F. W. TURNBULL (Regina): Mr. Speaker, I desire to move that the third report of the standing committee on industrial and international relations be concurred in. That is the report in regard to pensions for the blind.

Mr. BENNETT: Mr. Speaker, I ask that that motion stand.

Motion stands.

B.C. RELIEF CAMP STRIKERS

REQUEST FOR LEAVE TO MOVE ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I ask leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely, the situation with regard to the relief camp strikers now marching towards Ottawa and, according to reports, to be stopped by orders from Ottawa.

Mr. SPEAKER: Is there any discussion of the motion?

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, I do not—

Mr. WOODSWORTH: Mr. Speaker, I think I have a right to discuss this motion unless there is an objection raised.

Mr. SPEAKER: The hon. member may state the question but he cannot discuss the motion itself until after I have given my ruling whether it is in order.

Mr. WOODSWORTH: Quite right, Mr. Speaker, but I do not see how the Minister of Justice (Mr. Guthrie) can discuss the motion.

Mr. GUTHRIE: I am raising the point of order that the subject matter of the motion is not such as should under the rules be brought into this house on a motion to adjourn. This is a continuing grievance, if I

may use the expression. It has been going on in British Columbia, where it originated, since the beginning of April, and the difficulty is now moving eastward to a point in Saskatchewan at the city of Regina. If we are to discuss this question at each of the points where these marchers may determine to halt I think we would interfere seriously with the business of this house. It has been decided on a similar motion, when these men were in Vancouver, that it was not a question which could be discussed on a motion to adjourn the house, and I submit that the arguments then used still prevail and that the matter should not now be discussed.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, on the point of order raised by the Minister of Justice (Mr. Guthrie) I would rather be inclined to agree with him if this were a general discussion. I did not hear the exact terms of my hon. friend's motion, but if the press dispatches are correct there have been recent developments, and on the orders of the day I intended to ask a question in regard to the specific matter which is of recent occurrence, affecting the employment of the Canadian Mounted Police and the question of jurisdiction as between the dominion and the province of Saskatchewan.

Mr. GUTHRIE: I expected that question and I was prepared to reply to it on the orders of the day.

Mr. MACKENZIE (Vancouver): In that respect I think the motion would be in order, but I think generally speaking if there were no recent occurrence, it would not.

Mr. WOODSWORTH: On the point of order, Mr. Speaker, of course every event is connected in some way with all previous events; there is nothing new under the sun, but I do submit that there are aspects of this situation which are quite new. When the matter was discussed some weeks ago the men were in Vancouver; to-day they are on march to Ottawa. It is a different situation, entirely different, even although many of the men may be the same individuals.

In order that a matter may be discussed on a motion to adjourn the house there are two requirements that must be met under the rules. First, the matter must be recent, and secondly it must be urgent. I think that both those conditions are clearly fulfilled in my motion. First of all, the situation which has arisen within the last twenty-four hours is a very serious one, so serious that we have a protest from the premier of the province of Saskatchewan asking that the Prime Minister of this country, to use the premier's own words, "should keep his hands off the policing of the province." Surely a charge of that kind from the premier of a province against the Prime Minister is a matter that should receive the attention of this house now assembled. The premier goes that far and deliberately protests against the interference of this government, especially after the statement of our own Prime Minister that he would not interfere unless requested to do so by the province. I think that is a very anomalous situation.

Mr. GUTHRIE: Mr. Speaker, this is not a point of order. This is an argument of the case.

Mr. WOODSWORTH: I am discussing the point of order, Mr. Speaker. I say that whether or not this motion should come before this house depends according to our rule on whether the matter is of recent occurrence and is urgent in character, and the Minister of Justice suggested that this was a matter that had been taken up before, a continuing matter. I am suggesting that it is altogether a new situation that faces us.

In the next place, according to the papers—

Mr. SPEAKER: Order. I do not think the hon. member should go into the facts other than what is necessary to state the question.

Mr. WOODSWORTH: I am trying to state why—

Mr. SPEAKER: The hon. member cannot argue the motion. He must stick to the point of order.

Mr. WOODSWORTH: I am not arguing the motion, Mr. Speaker, I am stating the urgency. As a matter of fact these marchers are under guard. I would like to know under what authority these men are under arrest.

Mr. GUTHRIE: You can ask that on the orders of the day.

Mr. SPEAKER: The hon. member for Winnipeg North Centre will agree that the statement he has just made is not on the point of order at all.

Mr. WOODSWORTH: Surely Mr. Speaker—

Mr. SPEAKER: It is not in order for the hon. member to discuss the motion. The hon. member surely appreciates that fact. I am willing to give him every latitude in stating his case but he cannot argue the motion at this stage, or until he gets leave of the house to do so.

Mr. WOODSWORTH: I am arguing that this is of recent occurrence, that the liberty of the subject is violated, that these men are forcibly detained and under guard, so we are told by the press. Now that is a new matter, and we ought to have the fullest information in regard to it in order to present our case. If that is the policy that is going to be pursued there is bound to be a clash probably resulting in bloodshed, and I submit that therefore the matter is urgent.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, whatever our views may be as to the merits of the question and the means that should be adopted to solve it, I think that the motion has the two elements which the rules require to permit it to be discussed at this time. First, it is of sufficient importance and, second, it is recent. The other day I voted reluctantly against the ruling of Your Honour but the question to-day is still more urgent and more important than that brought up the other day, especially in view of the apparent conflict which exists between this government and the provincial government of Saskatchewan and which should be settled immediately. I do not think that this House of Commons should be prevented from discussing this matter.

Mr. ANGUS MacINNIS (South Vancouver): Mr. Speaker, there are three conditions precedent to a motion of this kind. First, it must be recent; second, it must be urgent and, third, it must be of public importance. What makes this an urgent matter of public importance is not the trek of the unemployed relief camp workers from British Columbia but the action of this government in stopping them at a certain point. If it is not urgent, why should the government give an order to stop the march? If it is not of public importance, why should the government give an order to stop the march? This order having been given, this matter then becomes a matter for discussion in the house and I contend that the question is perfectly in order.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I think the point has been made abundantly clear. We should first define the subject matter of the discussion. Unemployment has been discussed already in the house but that is not the subject matter of this motion. The subject matter is the march of the unemployed and the fact that the government took advantage of the peace, order and good government legislation to change its policies with regard to the unemployment camps. At first these camps were only for single homeless men, but now they are being used for all the men marching to Ottawa. This second point has not been discussed in the house as yet.

Mr. SPEAKER: In the first place I want to thank the hon. member for Winnipeg North Centre (Mr. Woodsworth) for being good enough to draw my attention to the fact that he proposed making this motion when the house went into session this afternoon and thus giving me an opportunity of considering the matter. I should also like to express a pious wish that the day will soon arrive when the house will so amend rule 31 as to throw the responsibility upon the house and not upon the Speaker for decisions in connection with motions of this nature. However, as the rule now stands it is my duty to decide, subject to appeal to the house, whether or not this matter is one of such urgent public importance as to come under the provisions of rule 31. I may say that I consider that I have already settled this matter, as has the house itself. On May 22 last, the hon. member for Vancouver South (Mr. MacInnis) moved the following motion, to be found on page 2970 of Hansard:

> Mr. Speaker, I ask leave under standing order 31 to move the adjournment of the house to discuss a definite matter of urgent public importance, namely, to call the attention of the house and the government to the acute situation in the city of Vancouver, British Columbia, due to the presence in that city of a large number of men from the unemployment relief camps who are destitute and for whom the city authorities can make no provision, creating a situation which endangers the peace.

The motion moved by the hon. member for Winnipeg North Centre reads:

> I beg leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely, the situation with regard to the relief camp strikers now marching towards Ottawa and according to reports to be stopped by orders from Ottawa.

I would point out that substantially the same people are referred to in the motion of the hon. member for Winnipeg North Centre as are referred to in the motion of the hon. member for Vancouver South. The situation concerning those involved is very much the same as existed at the time the hon. member for Vancouver South moved his motion, the scene of action having merely moved from Vancouver to Regina. Nothing has apparently arisen since May 22, the date upon which the hon. member for Vancouver South moved his motion, concerning the matters under discussion which would in my opinion warrant me in coming to a different conclusion than I did

on the previous motion. In fact there are now even stronger reasons for ruling the present motion out of order. Three weeks have elapsed since the first motion was moved and there have been opportunities when the subject matter of this motion could have been discussed without recourse to the special provision of this standing order. If I were right on the former occasion, and I think I was, I have greater reason now to rule this motion our of order, which I accordingly do.

Mr. WOODSWORTH: I regret very much to have to challenge Your Honour's ruling. It seems to me that possibly your ruling was written before you heard some of the arguments advanced this afternoon.

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: I shall have to challenge your ruling.

Mr. SPEAKER: The hon. member for Winnipeg North Centre is quite right. The major portion of the ruling which I gave was written before I heard the argument but there was nothing in the argument which had not been considered before the memorandum was drawn up. I trust the hon. member for Winnipeg North Centre intended no reflection upon the Speaker when he made the remark which he did.

Mr. WOODSWORTH: There was no reflection intended. I thought there were one or two points advanced which were not mentioned in the written ruling.

Mr. SPEAKER: The hon. member for Winnipeg North Centre has moved the adjournment of the house, under standing order 31, for the purpose of discussing a definite matter of urgent public importance, namely, the situation with regard to the relief camp strikers now marching towards Ottawa and according to reports to be stopped by orders from Ottawa. I have ruled this motion out of order and from that ruling the hon. member for Winnipeg North Centre appeals.

The house divided on the question: Shall the ruling of the chair be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park)
Arsenault
Arthurs
Baribeau
Barrette
Beaubier
Belec
Bell (St. John-Albert)
Bennett
Bourgeois
Bowen
Bury
Carmichael
Chaplin
Charters
Church
Cotnam
Cowan
Davies
Dickie
Duguay
Dupré
Duranleau
Edwards
Esling
Fraser (Cariboo)
Gagnon
Ganong
Gobeil
Guthrie
Hackett
Harris
Hay
Laflèche
Larue
Lawson
Loucks
Macdonald (Kings)
MacMillan (Saskatoon)
MacNicol
McDade
McGillis
McGregor
McLure
Maloney
Manion
Matthews
Morand
Mullins
Myers
Peck
Perley (Qu'Appelle)
Perley, Sir George
Plunkett
Porteous
Price
Quinn
Ryerson
Sauvé
Senn
Shaver
Short
Simpson (Simcoe North)
Simpson (Algoma West)
Smith (Victoria-Carleton)
Smith (Cumberland)
Smoke
Spence
Spotton
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stinson
Stitt (Nelson)
Sutherland
Swanston
Thompson (Lanark)
Turnbull
Weese
Weir (Melfort)
White (Mount Royal)
Willis
Wilson
Wright—85.

NAYS

Messrs:

Ahearn
Beaubien
Blair
Boulanger
Brown
Campbell
Casgrain
Chevrier
Coote
Deslauriers
Dubois
Duff
Dumaine
Elliott
Fraser (Northumberland, O.)
Gardiner
Garland (Bow River)
Girouard
Gray
Hanbury
Heaps
Howden
Hurtubise
Ilsley
Irvine
Jacobs
Kennedy (Peace River)
King, Mackenzie
Lapointe
Lucas
Luchkovich
MacInnis
Mackenzie (Vancouver Centre)
MacMillan (Mackenzie)
Macphail, Miss
McKenzie (Assiniboia)
McKinnon
McPhee
Marcil
Michaud
Mitchell
Motherwell
Mulock
Munn
Neill
Parent
Reid
Rennie
Rhéaume
Sanderson
Speakman
Spencer
Taylor
Thauvette
Vallance
Woodsworth
Young—57.

PAIRS

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

Messrs:

Anderson (Halton)	Factor
Baker	Bertrand
Barber	Totzke
Bell (Hamilton)	Mercier (St. Henri)
Bell (St. Antoine)	Raymond
Beynon	Euler
Boyes	Mills
Burns	Butcher
Cahan	Rinfret
Cantley	Cardin
Casselman	Howard
Dorion	Verville
Embury	Bothwell
Ernst	Bradette
Fortin	Fafard
Garland (Carleton)	Goulet
Geary	Mercier (Laurier-Outremont)
Gordon	Fiset, Sir Eugène
Gott	Rutherford
Hanson (York-Sunbury)	Veniot
Johnstone	Donnelly
Jones	McLean
Kennedy (Winnipeg)	McIntosh
Laurin	Fontaine
Macdonald (Cape Breton South)	Urquhart
McGibbon	Power
Moore (Châteauguay-Huntingdon)	Dubuc
Murphy	Stewart (Edmonton)
Pettit	Bouchard
Rhodes	Ralston
Robinson	Desrochers
Ross	Roberge
Rowe	Lacroix
Stevens	Malcolm
Stirling	Hanson (Skeena)
Stitt (Selkirk)	Weir (Macdonald)
Sullivan	Brasset
Tummon	St-Père
White (London)	Gershaw.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted, I would have voted to sustain the ruling.

Mr. CAHAN: I was paired with the hon. member for St. James (Mr. Rinfret). Had I voted, I would have voted to sustain the ruling.

Mr. ROSS: I was paired with the hon. member for Megantic (Mr. Roberge). Had I voted, I would have voted to sustain the ruling.

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.

Mr. HANSON (York-Sunbury): I was paired with the hon. member for Gloucester (Mr. Veniot). Had I voted, I would have voted to sustain the ruling.

Mr. TUMMON: I was paired with the hon. member for Hochelaga (Mr. St.-Père). Had I voted, I would have voted to sustain the ruling.

Mr. MacDONALD (South Cape Breton): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted, I would have voted to sustain the ruling.

Mr. JOHNSTONE: I was paired with the hon. member for Willow Bunch (Mr. Donnelly). Had I voted, I would have voted to sustain the ruling.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted, I would have voted to sustain the ruling.

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

Mr. BOYES: I was paired with the hon. member for West Elgin (Mr. Mills). Had I voted, I would have voted to sustain the ruling.

Mr. MOORE (Chateauguay-Huntingdon): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted, I would have voted to sustain the ruling.

Mr. STITT (Selkirk): I was paired with the hon. member for Macdonald (Mr. Weir). Had I voted, I would have voted to sustain the ruling.

Mr. PETTIT: I was paired with the hon. member for Kamouraska (Mr. Bouchard). Had I voted, I would have voted to sustain the ruling.

Mr. BAKER: I was paired with the hon. member for Prescott (Mr. Bertrand). Had I voted, I would have voted to sustain the ruling.

Mr. BURNS: I was paired with the hon. member for Last Mountain (Mr. Butcher). Had I voted, I would have voted to sustain the ruling.

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

Mr. MALCOLM: I was paired with the hon. member for East Kootenay (Mr. Stevens). Had I voted, I would have voted to sustain the ruling.

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

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted, I would have voted against the ruling.

Mr. TOTZKE: I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted, I would have voted against the ruling.

Mr. FACTOR: I was paired with the hon. member for Halton (Mr. Anderson). Had I voted, I would have voted against the ruling.

Mr. HANSON (Skeena): I was paired with the Minister of National Defence (Mr. Stirling). Had I voted, I would have voted against the ruling.

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

Mr. LAURIN (Translation): I was paired with the hon. member for St. Hyacinthe-Rouville (Mr. Fontaine). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. BRADETTE (Translation): I was paired with the hon. member for Queens-Lunenburg (Mr. Ernst). Had I voted, I would have voted against the ruling.

EXCHANGE FUND

Right Hon. R. B. BENNETT (Prime Minister, for the Minister of Finance) moved for leave to introduce Bill No. 101, respecting the establishment of an exchange fund.

Mr. MACKENZIE (Vancouver): Explain.

Mr. BENNETT: I mentioned a few days ago that it be proposed to introduce permissive legislation with respect to this matter because it might be necessary in the interests of the country to utilize the surplus that would arise from the revaluation of gold for exchange fund purposes rather than to pay it into the consolidated fund. Provision is made in this bill accordingly. That provision will come into force on proclamation.

Motion agreed to and bill read the first time.

[Mr. Malcolm.]

SENATE BILLS

FIRST AND SECOND READINGS

Bill No. 102, for the relief of Jean Taggart Harfield.—Mr. Vallance.

Bill No. 103, for the relief of Lily Usheroff Bruker.—Mr. Vallance.

Bill No. 104, for the relief of Hilda High de Boissière.—Mr. Bell (St. Antoine).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NAVIGATION OF COLUMBIA RIVER

Mr. REID:

According to a treaty entered into in 1846 between the United States of America and Her Majesty on behalf of Canada for the settlement of the Oregon boundary, in clause 2 thereof, it was expressly agreed that the Columbia river and its branches were to be kept open for the free use and navigation of all British subjects from the 49th parallel of north latitude to the Pacific ocean,—

1. Is the government aware that the provisions of this clause have been violated?
2. If so, what steps have been taken to protect the interests of the Canadian people so as to keep inviolate the provisions of the treaty and particularly clause 2 of the agreement?
3. If not, will steps be taken to see that the terms of the treaty are lived up to in every particular?

Mr. BENNETT: The question does not quite correctly state the terms of the treaty of 1846 for the settlement of the Oregon boundary. The second clause of the treaty reads as follows:

From the point at which the 49th parallel of north latitude shall be found to intersect the great northern branch of the Columbia river, the navigation of the said branch shall be free and open to the Hudson's Bay Company, and to all British subjects trading with the same, to the point where the said branch meets the main stream of the Columbia, and thence down the said main stream to the ocean, with free access into and through the said river or rivers; it being understood, that all the usual portages along the line thus described, shall in like manner be free and open.

The government is fully aware of the development which is taking place in the lower Columbia river, in the United States of America, and of the possible relation of that development to article II of the treaty. It would not be in accordance with public policy for the government to state at this stage whether or not they are of the opinion that the treaty has been violated or may be violated by the completion of the construction plans which are under way. The question will continue to receive the attention of the government.

MONTREAL HARBOUR COMMISSION

Mr. ROBERGE:

1. Are some employees and foremen of the Montreal Harbour Commission not naturalized?
2. If so, what are their names and since when have they been employed?

Mr. DURANLEAU:

The following information has been furnished by the harbour commissioners of Montreal:

1. Not to our knowledge.
2. Answered by No. 1.

MONTREAL HARBOUR COMMISSION

Mr. ROBERGE:

1. Is Mr. Georges Gendron an employee of the Montreal Harbour Commission?
2. If so, in what capacity?
3. Has he been instructed to dismiss experienced men and to replace them by members of the Workmen Federation of Canada?
4. If so (a) at whose request; (b) upon whose instructions; (c) how many experienced men were dismissed, and (d) how many others were employed?

Mr. DURANLEAU:

The following information has been furnished by the harbour commissioners of Montreal:

1. Yes.
2. Mechanical superintendent.
3. No.
4. Answered by No. 3.

FARMERS' CREDITORS ARRANGEMENT ACT

Mr. DONNELLY:

1. Is one Herman Warren of Weyburn, Saskatchewan, now employed by the dominion government in connection with the Farmers' Creditors Arrangement Act?
2. If so, when did his employment commence?
3. What are his duties?
4. What is his rate of remuneration?
5. For what period has he been engaged?
6. How many similar employees have recently been employed by the government in Saskatchewan?
7. What are their names and addresses?
8. Is it contemplated to engage further similar employees?

Sir GEORGE PERLEY:

1. No.
2-8. Answered by No. 1.

FEDERAL PATRONAGE

Mr. POULIOT:

Who is at present in charge of federal patronage in the county of Témiscouata, and since when?

Mr. CAHAN: There is no information available.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN TRADE AND PUBLICITY

Mr. POULIOT:

1. Since 1931, was Mr. D. G. Gerahty director of Canadian trade and publicity in Great Britain and, if so, since when?
2. From the date of his appointment until now, by what department was his salary paid and to whom did he have to look for general authority in all matters pertaining to his office, including those relating to expenditures?
3. From the date of his appointment until now, was Mr. Gerahty at any time an officer of the Canadian Department of External Affairs and, if so, for what period, mentioning the day, month and year?

HIGH COMMISSIONER FOR CANADA

Mr. POULIOT:

1. Referring to letter from the hon. Minister of Trade and Commerce to the hon. G. Howard Ferguson, High Commissioner for Canada in England, dated April 12, 1933, and contained in sessional paper No. 335 of May 20, 1935, was the amount of $100,000 therein referred to for publicity and advertising in the United Kingdom and Europe all spent in the fiscal year 1933-34?
2. If so, how much was spent (a) in the United Kingdom, and (b) in other countries of Europe, mentioning the said countries?
3. Did the High Commissioner render a detailed account of such expenditure with attached vouchers to the Department of Trade and Commerce, and, if so, on what date?
4. Did the High Commissioner get in touch with the Department of Trade and Commerce for the administration of the above mentioned sum, and, if so, on what date or dates?
5. Besides the above mentioned sum of $100,000, was there any other appropriation for publicity and advertising in the United Kingdom and Europe left to the High Commissioner's office, and, if so, how much?
6. Were the amounts of money above referred to charged to the Department of Trade and Commerce?
7. Did the High Commissioner for Canada in London ever belong to the Department of Trade and Commerce and was he ever under the supervision of the head or deputy head of that department for the expenditure of the above mentioned amounts?

MR. ACHILLE JOLICOEUR

Mr. THAUVETTE:

1. Were the services of Mr. Achille Jolicoeur, barrister, of Quebec City, retained from 1930 to date (a) for investigations respecting postmasters in Portneuf county and elsewhere; (b) for customs and excise cases; (c) for census purposes or preparation of voters' lists, or in connection with the revision of such lists?
2. If so, for what period and at what remuneration in each case?

B.C. RELIEF CAMP STRIKERS

STATEMENT ON BEHALF OF GOVERNMENT OF ACTION TAKEN TO HALT MOVEMENT TOWARDS OTTAWA

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I wish to ask the Prime Minister a question. Has he a further statement to make with reference to the situation regarding the unemployed men proceeding eastward, according to press dispatches?

Mr. BENNETT: The matter will be dealt with by the Minister of Justice.

Hon. HUGH GUTHRIE (Minister of Justice): As I had notice of this question, I have prepared a brief statement in regard to the matter as it now stands. From information which has come to the government, the government is satisfied that the present easterly march of so-called camp strikers from British Columbia, which has now reached Regina, has been organized and is under the direction of certain communist elements throughout Canada and is a deliberate attempt to disturb the peace, order and good government of Canada by unlawful means.

The marchers since leaving Vancouver have been trespassers upon railway property and railway trains, both upon the Canadian Pacific railway and Canadian National railways and are continuing their march in open disregard of the provisions of section 443 of the Railway Act. This unlawful movement of the marchers, now estimated at about 1,500, jeopardizes both the lives of travellers and the property of both railways. Both railway companies have intimated to the government that they are unable, through lack of sufficient railway police, to clear their trains of these marchers and have requested the assistance of the Royal Canadian Mounted Police to enable them to clear trains, yards and railway property of these trespassers. I have been informed that both of the railways have made representations through their officials to the government of the province of Saskatchewan in regard to the situation and have requested the cooperation of the provincial government in regard to the matter.

In the province of Saskatchewan, the Royal Canadian Mounted Police act as provincial police under the provisions of an agreement made between the dominion and provincial governments, under which agreement the mounted police act under the instructions of provincial law officers in regard to the enforcement of the criminal law of Canada, but in these agreements there is a special reservation providing that the mounted police shall have full authority to enforce the provisions of all dominion statutes, which would include the Railway Act of Canada, under the provisions of which act these marchers are now and have been since leaving Vancouver trespassers upon railway property. Both railways are apprehensive of serious consequences to their passengers, employees and property if a stop is not put to the further movement of these strikers.

The government has, therefore, decided to take such action as may be necessary, through the Royal Canadian Mounted Police or otherwise, to assist the railway constabulary of both roads in stopping at Regina the further trespassing upon railway property, and instructions have gone forward to this effect.

Upon arrival at Regina the men will be expressly warned through their leaders by officials of the railways that further trespassing upon railway property will be definitely prevented, and in other respects the marchers will be required to obey the laws of the country.

The government views the action of the marchers as a distinct menace to the peace, order and good government of Canada, and it also realizes that unless discontinued it may ultimately produce serious damage to life and property upon the railways.

The government has, therefore, determined to utilize the forces at its disposal to assist in preventing further trespasses or other breaches of the law by the marchers and to maintain law and order.

Mr. E. J. GARLAND (Bow River): Following up the statement just made by the Minister of Justice, may I ask a further question? Is he informed that, as I am given to understand is the case, during the period of the stay of the camp strikers in Calgary, soldiers were moved in from the Sarcee camp to that city? I would like to know whether the minister has any information on that matter, if so, for what purpose the soldiers were placed there, by whom they were requested and who placed the order for their presence.

Mr. GUTHRIE: I have no information whatever in regard to anything that transpired at Calgary.

Mr. A. A. HEAPS (North Winnipeg): I would like to ask the Prime Minister if he will give to a small group representing these men who are now on their way to Ottawa, facilities to come to the city so that they may interview him and lay their case before him.

Right Hon. R. B. BENNETT (Prime Minister): Since I have been Prime Minister there never has been a time that the government has been unwilling to receive delegations from any body in this country, and we are prepared and ready to do so at any time that may be possible and convenient as to the hour.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I ask the Minister of Justice whether any definite charges have been laid against the men who are now being held under guard?

Mr. GUTHRIE: I am not aware that any men are being held under guard. There were not any this morning as reported to me and I have heard nothing since eleven o'clock.

Mr. ANGUS MacINNIS (Vancouver South): In view of the statement just read by the Minister of Justice, how can he contend that this is not a matter of urgent public importance?

Mr. WILFRED HANBURY (Vancouver-Burrard): May I address a question to the Prime Minister in connection with the statement just read by the Minister of Justice? Have any arrangements been or are any being made or contemplated through either the provincial government of Saskatchewan or the city of Regina for the maintenance of these men until more permanent provision is made for them?

Mr. GUTHRIE: No arrangement of the kind has been made as yet.

Mr. F. W. TURNBULL (Regina): Will the government consider the situation in Regina with a view to assisting the city to maintain these people who are being thrust into its midst and to help in protecting the lives and property of citizens there?

Mr. GUTHRIE: I have not before heard any intimation on the part of anyone from the city of Regina that relief was at the time needed for these men. Should a request of that kind come, it will be very carefully considered, but so far none has been received.

Mr. HANBURY: May I ask the Minister of Justice a question arising out of his latest answer? Will it be necessary for the government of Saskatchewan to make the representations or must they come from the city of Regina, or will the government consider them only if they come from the city of Regina?

Mr. GUTHRIE: I will wait until they come before I decide that.

FARNHAM, QUE., POST OFFICE

On the orders of the day:

Hon. H. A. STEWART (Minister of Public Works): Yesterday the hon. member for Charlevoix-Saguenay (Mr. Casgrain) addressed to me a question about tenders for the public building at Farnham and asked me to make a statement which I promised to do to-day. Public tenders were not invited for reasons that have been given in the house time and time again. In pursuance of the suggestion of many members on all sides of the house that in carrying out these public works, particularly those in smaller communities, all efforts possible should be made to see that the work be given to contractors in the locality rather than that the larger contractors should be permitted to secure all these works, tenders were invited from the following firms:

Stewart Construction Company Limited, Sherbrooke.
George N. Thompson, Sutton.
William Clark, Sutton.
N. L. Lussier, Farnham.
Ralph W. Wallace, Knowlton.

Four tenders were received in answer to this request, and I am pleased to be able to tell my hon. friend that the result of the tenders is very satisfactory; that we have competition and that the lowest tenderer offers to do the work for substantially below the architect's estimate.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Sir:— Ottawa, June 13, 1935.

I have the honour to inform you that the deputy of His Excellency the Governor General will proceed to the Senate chamber this day at 5 p.m. for the purpose of giving the royal assent to certain bills.

F. L. C. Pereira,
Secretary.

CANADIAN GRAIN BOARD

PURCHASE, STORAGE AND MARKETING OF WHEAT AND OTHER GRAINS

The house resumed from Wednesday, June 12, consideration of the motion of Right Hon. R. B. Bennett (Prime Minister) for the second reading of Bill No. 98, to provide for the constitution and powers of the Canadian grain board.

Hon. J. L. RALSTON (Shelburne-Yarmouth): When the house rose at six o'clock yesterday I was emphasizing the point that a major duty of any grain board appointed now will be to liquidate or get out of the

way the tremendous carry-over, the amount of which was disclosed for the first time by the Prime Minister yesterday. And at the same time I submit that the board will have the equally important duty to seek to maintain a stabilized price structure so as to protect the Canadian wheat growers against a runaway market. I submit that it is the failure of the government to carry out that first duty which has produced the critical situation in which we find ourselves to-day. There has been too great a tendency, as I have pointed out in this house more than once, to bet on uncertainties in the hope of winning and making a reputation. The stakes were too big and the consequences have proved to be altogether too serious. In 1930 the government took over the job of marketing the wheat crop. They took over 75,000,000 bushels, and instead of marketing that wheat the amount on hand has increased by about three times, so that as the Prime Minister intimated yesterday the carry-over to-day is between 220,000,000 and 225,000,000 bushels. I would think that by the end of the crop year probably that amount will not be reduced by more than perhaps ten or twelve million. Instead of paying the producer and selling the wheat and taking the loss if necessary, the policy of the government and its agency has been to try to make the customer pay the shot by holding wheat at prices out of line with the prices of our competitors.

The Prime Minister put on Hansard yesterday some figures with regard to the exports of this country to Great Britain. I complained then and I reiterate that complaint, that he did not compare the exports of Canada with the exports of her competitors, showing that the competitors of Canada have outstripped us in the matter of exports. Following the point I have just made I say that what we have been doing is to try to hold our wheat at prices out of line with those of our competitors, with the result that our exports and opportunities for sale have gone down and the western farmer is facing loss of markets, and hostility between his customers and himself which is going to be difficult to overcome. To illustrate that point, I hold in my hand a statement showing the spread between the prices of Canadian wheat and Argentine wheat during the last few years. On that I have put the figures given by the Prime Minister yesterday showing the exports of Canada. I find that in the year 1927-28 the average of the spread between Argentine and Canada was 12⅛ cents a bushel; that is Canadian wheat brought a price 12⅛ cents per bushel higher than Argentine. In that year we exported 332,000,000 bushels.

In 1928-29 the spread was 11⅞ cents, and in that year we marketed 407,000,000 bushels. In 1929-30 the spread was 17⅜ cents. What happened to exports? The logical thing happened, namely, they went down, and we were unable to sell as much because the spread was greater.

Mr. KENNEDY (Peace River): Would the hon. gentleman tell us what he means by that spread, is it the average or is it on certain grades?

Mr. RALSTON: Canadian Atlantic No. 2 over Argentine.

In 1929-30 with a spread of 17⅜ cents the exports were 186,000,000 bushels. In 1930-31 with an average spread of 8¼ cents we exported 258,000,000 bushels; in 1931-32 the spread was 8⅝ and exports 207,000,000; in 1932-33 the spread dropped to 7 cents and the exports rose to 264,000,000 bushels. For 1933-34 the spread went up to 18½ and we only exported 194,000,000. From August 1 to December 31, 1934, the spread for the five months was 21¾ cents and our exports to the end of May, 1935, have been 146,000,000.

That is the great difficulty which we have in connection with marketing our wheat. My right hon. friend talks about markets being closed and difficulties overseas. The markets want Canadian wheat, but the trouble is the government is holding it at a price that they are unwilling to pay, and the government is unwilling to take the loss which would be sustained by paying the producer a fair price and selling the wheat. The result is that we are losing our markets.

Now what is the situation in regard to exports? My right hon. friend went back to 1921. I am not going to trouble about 1921, but I have here an extract from the Montreal Star of June 12, 1935—last night. This is what it says with regard to comparative exports from the North American continent and Argentina and Australia:

> Exports from North America, the report shows—

That is the report of the board of grain commissioners.

> —so far this crop year have decreased sharply from the same period of last year, in comparison with increases in Argentina and Australian clearances.
>
> In the forty-four weeks of the current crop year, North America exported almost 139,000,000 bushels of wheat and flour, says the report, Argentina almost 160,000,000 and Australia 98,000,000 bushels. In the same period of last season, North America cleared 191,000,000 bushels, Argentina 110,000,000 and Australia 74,000,000.

That is North America exported this year 139,000,000 as against 191,000,000 last year, Argentina 160,000,000 as against 110,000,000 last year and Australia 98,000,000 this year as against 74,000,000 last year.

My right hon. friend may say, Well, but you are dealing with the whole North American continent, why not deal with Canadian wheat? Let me give the house Canadian exports for the first ten months of this crop year as they appear in the Montreal Star of last night. For the ten months, ending I presume with April, 1935, the exports from Canada were 113,802,184 bushels. For the corresponding ten months of 1934 they were 140,709,966, or a decrease this year of some 27,000,000 bushels. Argentina in the same ten months exported 160,000,000 as against 110,000,000 a year ago, in other words an increase of 50,000,000 bushels this year. In the same ten months Australia exported this year 98,000,000 bushels and for the corresponding period last year 74,000,000, an increase this year of 24,000,000.

There is Canada's situation, a decrease of 27,000,000 bushels for the ten months compared with last year, while Argentina increased by 50,000,000 and Australia by 24,000,000. My right hon. friend tells us that the Argentine situation is pretty well cleared up on an expenditure of something like $2,200,000.

I give those examples in order to indicate what it seems to me is one of the fundamental mistakes which this government has made. I also pointed out yesterday instances in which, if reports are true, this government not only held when they had opportunity to sell but actually bought more. The result was that we have piled up this year 220 to 225 million bushels?

So what is the position we are facing to-day and what is the reason for this bill which my right hon. friend has introduced? To-day we are facing the probability of a carry-over of 210 million bushels and a new crop of probably 400 million and the question is what we are going to do about it in this parliament and this country? My right hon. friend has been very good about asking for suggestions. But I ask him in all seriousness and I ask this house, has my right hon. friend any right to ask suggestions from anybody in view of the way this wheat business has been run for the last three or four years? This government and its administration have contributed greatly to that immense carry-over. Until yesterday they have never disclosed to this house just how much was being carried. As a matter of fact a year ago, and I believe also two years ago, the hon. member for Quebec East (Mr. Lapointe) inquired with regard to guarantees, and the answer given by the Prime Minister indicated that there was only one guarantee. But now I believe —and I can only assume, because we have not yet the exact information—I assume that there were several guarantees given from time to time.

Mr. BENNETT: Only one guarantee each year.

Mr. RALSTON: Well, that makes four guarantees, anyway, that were given. There were several orders in council passed, and we have yet to see the guarantees that were given, when the bill is considered in committee. I assume the guarantee contains some restriction as to the number of bushels which Mr. McFarland could buy. Surely the government did not give a blank guarantee to Mr. McFarland permitting him to commit this country to any number of bushels he wished to take on. If that is so, then it seems to me that those figures should have been disclosed to the house. When the hon. member for Quebec East asked for the guarantees the information was that they varied from day to day. But the guarantee must have, or at least should have contained in it a definite figure indicating the number of bushels to which this country was willing to be committed, and respecting which this country was endorsing the note of the Canadian Cooperative Wheat Producers Limited. We have no information about that, at all.

Then, each year the Minister of Finance (Mr. Rhodes) comes down with his budget and makes a laconic reference to the wheat situation. One year he said that probably if the wheat was sold at the price indicated we would come out square. Another year he gave us the illuminating information that the question as to whether or not we would lose on our wheat was dependent on the price for which we would sell it,—and perhaps in that he was not far out. This year all the information the house or country has received with regard to Canada's liability in connection with wheat is that information contained in the budget speech, when it shows the guarantee to the Canadian Cooperative Wheat Producers as being an unstated amount. There was no information as to the bushelage, let alone as to the amount.

We should have information as to the actual cash which has been advanced by the banks for the purpose of purchasing direct from the farmers, for the purpose of putting up margins, if necessary and, further, we should have a statement with regard to the actual bushelage on hand. Then, if my right

hon. friend can give it, or if anybody can give it, we should have information as to the prospective loss which this country might sustain if a policy of orderly marketing were carried out. I say my right hon. friend was not entitled, nor was he in a good position to ask for suggestions from this house, in view of the fact that his government has been so secretive about operations. They have carried on with a high hand; they have indicated that information was not to be given. As a matter of fact, there was no by-your-leave in any way. Certainly they have had warnings enough. In the press of Canada since 1933 their attention has constantly been called to it. Then, from time to time in this house we have pointed out the position in which this house and country have been placed because of the tremendous guarantees and unlimited liability under the order in council of January, 1931, and those following. But no information has been given. I do not think my right hon. friend could blame anybody for saying to him, "You have made this mess; get out of it."

That is not the attitude I shall take, personally. I should like to make one or two suggestions of my own, if I may. They may be of some assistance, and I should like the Prime Minister to consider them. In the first place I say this is an emergent situation. It is not a situation which should be covered by permanent legislation at this stage. This is not a time to evolve a policy. I repeat that this is an emergent situation because of the fact that this parliament, which is over five years old, has not a mandate from the people to take over our biggest industry, and make of it a government monopoly. It has no more mandate in connection with the wheat industry than it has a mandate to take over the fishing industry, the lumbering industry, the mining industry, or the marketing of butter, cattle, or milk. There is no mandate of any kind in this parliament to formulate at this late stage a policy revolutionary in its character, so far as this dominion is concerned. These facts, it seems to me, indicate that this is an emergent situation, because we are called upon to deal with it, notwithstanding the fact that we have not received from the people a mandate to do so.

Secondly, this is an emergent situation because of the fact that we have only now had disclosed the amount of carry-overs and have only now been permitted to guess or to contemplate the possible liability of Canada. Can we possibly deal with this matter by way of a permanent policy with no more information than that? Can we deal with it when that information has been brought down only at the last minute? We have no information about the advances this year to the Canadian Cooperative Wheat Producers Limited. We know nothing about the cash liability to the bank. We know only that we have about 225,000,000 bushels of wheat on hand, some in the form of futures and some in the form of cash wheat. Can we deal with this matter by way of a settled policy? I say we cannot. I repeat that this is an emergent situation, and all that can be done at the present time is to pass some legislation which may bridge the gap, and give an opportunity at some later date to deal with the matter.

I say, thirdly, that this is an emergent situation because the government of Canada is in no small measure to blame for these carry-overs, and has no right to ask parliament to pass a statute to whitewash and cover up the transactions for which it has been responsible, to establish a board to take over the loss which has been created, and then have that board damned from the start by a liability which it has undertaken and for which the government is responsible. And so, under the circumstances again making my suggestion to the Prime Minister, in view of his invitation—and these are suggestions which he may or may not consider worth while—I say to him that so far as I am concerned I would assent to the principle of a Canadian grain board. That is the first thing. But, secondly, I would deal with the situation which really exists, namely, I would treat it as an emergent situation, or if you wish so to describe it, as a crisis, and not as a permanent situation for which at this time we can legislate.

Thirdly, I say I would set up a board for some limited period—say until the next parliament, or for a year—in order to indicate that what we are doing is that which the Prime Minister suggested yesterday, namely, that we are perpetuating the existing organization in the form of a board, and giving statutory sanction to the operations which previously have been carried on by the Canadian Cooperative Wheat Producers Limited, such board having the benefit of the discussions which we will have in the house and committee as to the policy which might be followed later.

In his speech of yesterday the Prime Minister is reported at page 3577 of Hansard as follows:

> The bill, the second reading of which I have moved, is one predicated upon the fact that the general manager of this company whose operations have enabled this end to be accomplished is not further able to discharge his

normal duties. I have indicated, therefore, that a wheat board in name—because we have had one in reality during the last two years—that a wheat board in name and reality should be set up.

That does not sound like a permanent policy. Mr. McFarland was not operating permanently. He was in charge of the Canadian Cooperative Wheat Producers Limited for the purpose of a limited job, and only in connection with the job of disposing of the 1930 wheat was he given power to go into the market and purchase wheat to stabilize the price. Although my right hon. friend's speech of yesterday indicated that Mr. McFarland's work is being perpetuated by this bill it is possible it is not to be adopted as a permanent policy. I will take the Prime Minister at his word. I will believe that that is what he intended—that this is being done simply because of Mr. McFarland's illness and his inability longer to attend to these duties. Along that same line I would point out what the Prime Minister said on the resolution itself, in order to indicate that this board is more or less a continuation of what has already been done, and in order to indicate also that it is not intended to be a permanent thing, but to follow along the lines of the work Mr. McFarland has been doing. He says, speaking in this house on June 10, 1935, as reported at page 3460 of Hansard:

> It would be highly improper for me to undertake to say what any government might or might not do in the future. It is contemplated that the government will be given the power to give such assistance to this board as may be necessary to enable it to function. Beyond that I feel I could not and should not go.

I say to my right hon. friend if that was the situation, and I take him at his word, then what is to be done here is not the determination of a permanent policy, but the creation of a board for a limited length of time, and in that same connection comes my next suggestion. I would strike out or eliminate the compulsory feature which is contained in this bill. Mr. McFarland has no compulsory power to make people sell their wheat to him, but this act by virtue of giving control over the elevators does create a situation whereby the whole grain trade is tied up and made subservient to this board. I say to the Prime Minister that I would eliminate that compulsory feature, taking him again at his word when he intimated that all we are doing is to carry on Mr. McFarland's work.

Mr. BENNETT: Not all.

Mr. TURNBULL: I suggest that the hon. member move an amendment.

Mr. RALSTON: My right hon. friend says that he did not say that that was all the board would do. I think it is quite clear that all he said was that we are going to have a board in name as well as in fact, but there was no suggestion that it was going to be anything more, and I suggest to my right hon. friend that the compulsory feature should come out of the bill.

I would give the board—here is another suggestion—ample power to liquidate and get the present dangerous overhang out of the way just as soon as it is possible to do it in orderly fashion. I would give them equally ample power at the same time to conduct stabilizing operations when necessary to protect the producer.

In connection with the whole matter, Mr. Speaker, I would recognize what I cannot say has been recognized by the government, that the board's operations are by way of assistance in a national emergency, and that if there is a loss the country pays it; but that gambling and speculating to minimize that loss is no part of the board's duties or functions.

I would recognize what I think has also been lost sight of, and that is that we still have to have customers if the wheat industry in the west is going to thrive, and while in this emergency there may have to be some spread between the price to the farmer and the world price, yet wheat is to sell and not to hold, and we are only stirring up trouble for ourselves if we try to exact more from the customer than we are entitled to by reason of the quality of our product. But that is the policy which has been followed, and which has contributed in no small degree to the serious situation in which we find ourselves to-day.

Mr. LOUCKS: Does the hon. member think that 75 or 80 cents a bushel at the head of the lakes is an extravagant price to the farmers?

Mr. STEWART (Edmonton): Who ever said so?

Mr. RALSTON: I might just as well ask my hon. friend from Rosetown (Mr. Loucks) what he thinks about legal fees. I am not dealing with the matter in dollars and cents; I am dealing with the policy of the government. What I say is that the western farmer should get the best possible price for his product, and I am pointing out that at the present time the farmer is losing his market and is unable to get a fair price, and is faced with this tremendous overhang due to the action of this government.

I would recognize further that permanent action on this great question is not for a

parliament which has outrun its allotted span of life, according to the usual constitutional practice, and faces dissolution almost hourly. I submit that that question is for a new parliament fresh from the people, and which can act in the light of full information in connection with the transactions of the past and have the benefit of the information which will be gained by the board as it operates this fall and winter. It is the action of that parliament, and not of this one, which it seems to me will exemplify the proper principles of representative government in expressing the will of the electorate of to-day rather than expressing as this parliament does the will of the electors of Canada of five years ago.

Lastly, Mr. Speaker, I want to assure you and to assure this house, if any assurance is needed, that the people in the east as well as in the west realize fully how vital it is for the wellbeing and the success of the whole of Canada that there shall be prosperity among the producers of western Canada. Even though this government has delayed this matter until the dying days of the session we realize fully that this problem which we have before us is not transcended in importance by any public or economic problem which is before the people of Canada to-day.

Somebody asked me a question last night as to what my position was in connection with this bill. I have endeavoured to make my position clear in making some suggestions which the Prime Minister has invited regarding amendment, and I say to my right hon. friend that as far as I am concerned I shall support this bill going to a committee on the understanding which was made clear by the right hon. the Prime Minister and by my right hon. leader, that that is without prejudice to or commitment in the start that I wish to make on any of the provisions of the bill, and in approving of the second reading I also want to reserve the right which the Prime Minister expressly stated of moving or supporting any amendments which I may see fit notwithstanding that the bill has had its second reading.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, in rising to continue the discussion on the motion of the Prime Minister for the second reading of Bill No. 98, it is not my purpose this afternoon to follow very closely the argument made by the hon. member for Shelburne-Yarmouth (Mr. Ralston) who has just taken his seat.

May I say at the beginning, Mr. Speaker, that I approve the principle of this legislation. There may be some features of the bill that might be strengthened to make it more effective, but I am sure that the special committee to which this bill is likely to be sent will be capable of attending to that matter. So far as the general principle of the bill is concerned I am in hearty accord with it.

Some doubt has been raised in this house as to whether the farmers of the west are in favour of this legislation. I must confess, Mr. Speaker, that so far as the western farmers are concerned, there is only one real avenue through which they can express their opinion, and that is through their different organizations in the prairie provinces, and so far as the organization with which I am connected is concerned, the United Farmers of Alberta, we have for the last three years at our annual convention passed resolutions favouring the establishment of a Canada wheat board. These resolutions I am quite sure have been forwarded to the Prime Minister and his colleagues. Therefore as far as Alberta is concerned, and so far as the organized farmers are concerned, they are in favour of the principle of this legislation.

My hon. friend from Shelburne-Yarmouth has suggested that this legislation should be of only a temporary character, and he bolstered that idea with the argument that we had a surplus of wheat to the amount of 210,000,000 bushels which at the present time was a very great handicap in stabilizing the price of wheat, but until such time as it was possible for us to sell that wheat and reduce that surplus he was more or less in favour of this legislation, and for that particular purpose. I want to say this, Mr. Speaker, that so far as I am concerned, and I believe I am speaking for the organization of which I have the privilege of being a member, we not only believe a grain board is essential at the present time to take care of that situation which my hon. friend so well illustrated, but I am satisfied that the farmers of western Canada to-day have come to the point where they recognize that as individuals they are helpless in selling the product of their labour against the monopolies of this country. Therefore, instead of looking upon this board as being merely a temporary organization, I believe we must realize that it will be continued into the future.

It is over thirty-three years since I went to western Canada and I have been a farmer all that time. I know something of the demands and the desires of the farmers through all those years to secure a better system of marketing their grain. The first demand of the farmers was made largely in

the beginning of this century, some time during 1900. Before I proceed further with this particular matter, I should like to direct the attention of the house to this point: When charters were given to the railway companies to build railways in Canada, more particularly in the west, they proceeded to build the roads but when it came to providing warehouse accommodation for grain the companies found that it was almost impossible for them to handle the situation. The railway companies then leased sites to elevator companies, which companies built elevators and handled the grain. Those who are familiar with conditions in the west know that this method was copied very largely from that which existed in the United States. The elevator is a cheaper way of handling grain than a warehouse such as is supplied by the railways for other commodities. It is quite true that the railway companies did not give a monopoly to any particular elevator company but whatever elevator companies were in existence at that time had a virtual monopoly of the handling of grain by virtue of the fact that they possessed the only means by which grain could be put on the cars of the railway companies for transportation.

As I said, the first demand of the farmers in western Canada for improved marketing conditions took place in 1900. A commission was appointed by the government of that day to inquire into the situation and one of the results of the findings of that commission was that the farmer was granted the right to load his own grain over the platform into the car of the railway company. It might be noted that only those farmers who were located in close proximity to the railroads could take advantage of this new provision as a man living fifteen or twenty miles away could not haul in his grain quickly enough to load a car without keeping it on the siding for too long a time.

The farmers realizing that they were subject largely to the whims and policies of the elevator companies decided to organize an elevator company of their own. Many hon. members in this house will recall the hard times which were experienced during the winter of 1905 and I believe that these were responsible for the demand of the farmers for an improvement in the handling of grain. About the year 1908 the Grain Growers Grain Company was organized composed of farmer shareholders. This was an ordinary company incorporated like other companies but it was owned by the farmers and a limitation of eight per cent was placed upon the dividends which would be paid to the shareholder. This Grain Growers Grain Company did splendid work in eliminating many of the abuses so prevalent at that time and it handled considerable grain for the farmers. As time went on the farmers felt that even this company was not all that they required and eventually there was organized in Saskatchewan what was known as the Cooperative Elevator Company of Saskatchewan. A similar company was organized in Alberta. The Saskatchewan company was very successful. The difference between the cooperative companies and the Grain Growers Grain Company was this: In both companies the dividends were limited to eight per cent but in the cooperatives provision was made that after proper reserves had been accumulated dividends could be paid to those who contributed business to the companies.

A few years later the Alberta Cooperative Elevator Company was amalgamated with the Grain Growers Grain Company, forming what was known as the United Grain Growers Grain Company. This organization filled the need for a time but when war conditions came along a few years after conditions were changed. Hon. members will remember the grain board of 1919. This board was not organized as a permanent institution, it was meant merely to take care of a situation which had developed because of war conditions. This board was very successful and when it went out of existence the farmers of the west felt that they had lost something which was worth while. They immediately began to demand the reinstatement of this grain board for the purpose of handling their grain. Hon. members who were in the house during the sessions of 1922 and 1923 will remember the persistent demands which came from the west asking parliament to reorganize the grain board of 1919. Legislation was passed in 1922 and again in 1923 giving to the board to be created all the powers which this parliament possessed. The establishment of this board depended upon the provinces of the west passing complementary legislation giving to the board what powers the provinces possessed in connection with grain. The outcome of this legislation was the placing of the responsibility as to whether this board would come into operation mainly upon the governments of the three prairie provinces. Many conferences were held but the provincial governments failed to come to any agreement and as a consequence the formation of the grain board was not proceeded with.

After the farmers of the west realized that this board would not come into existence they began to devise ways and means to handle the situation in a different way, and the outcome of their deliberations was the

formation of the wheat pools. Alberta took the lead in creation of these wheat pools, I believe in 1923, and Saskatchewan and Manitoba followed in the next year. These pools were voluntary in character although a contract was signed by which the grain grower agreed to market his grain through the pool system. The pools eventually came into existence and functioned very efficiently until 1929, when economic conditions the world over put them in the position where they lost a great deal of money owing to the fact that they had fixed their interim payments on grain too high for that year. It is not necessary to recount the difficulties which these pools met except to say this. Inasmuch as neither of the pools had 100 per cent membership in any of the three provinces, they could not meet the financial stress of 1929 and following years. Now that is a very rough and incomplete résumé of the efforts of the farmers of western Canada to secure better marketing conditions. With the financial stress that was occasioned by the depression, the farmers of the west again looked for some better method of marketing; and, as I have already stated, the organized farmers of the west, at any rate so far as Alberta and Saskatchewan are concerned, have requested by resolutions at annual conventions that the government consider the possibility of bringing into existence a new grain board.

That brings us to the present bill. There is no question in my mind that this bill, in so far as interprovincial and export business is concerned, does give monopoly rights to this proposed grain board; there is no doubt about that. In so far as provincial business is concerned, that is outside the scope of this legislation and outside the scope of the constitutional powers of this parliament; but so far as the rights of this parliament are concerned, I think that in this piece of legislation the government has given the board all the rights which this parliament has within its jurisdiction. And it is true to state, I think, that it is practically a monopoly right in so far as the four western provinces are concerned. Someone might take exception to that; but as far as I can see I have no objection whatever to it because I recognize the fact that the days of free competition are gone forever, and that out of free competition has come monopoly, so that we cannot expect those who are at the present time organized as monopolies to deal very tenderly with those who believe in free competition and practise free competition. If the farmers of the west or in any other part of Canada are going to secure anything like an adequate price for the product of their labour, I am satisfied that they cannot do it by selling that product in the markets of the world against each other. We have to meet monopoly with monopoly, and under these circumstances I believe that this bill does meet a very much needed requirement. I am quite sure, of course, that many farmers will object to it, but I am satisfied, on the other hand, that the great bulk of the farmers to-day, at least in the three prairie provinces, believe that this is the only possible method to pursue.

It is not necessary for me to take up much more of the time of the house except to make this observation. The farmers of the west object and have objected ever since I have been a resident of western Canada, to the speculator determining very largely the price that they will receive for their commodities. I quite realize that under the present method of handling our grain the speculator is a very essential part of the proceeding, simply because of the fact that he is the person to provide the money to hedge the grain when the elevator companies secure that grain in their possession. The Prime Minister explained that situation very well yesterday afternoon. As he said, these companies have not the liquid capital to buy all the grain offered to them; and we know that if the farmers of the west were in that position where they did not know whether the company was able to buy their wheat or not, it would create a tremendous problem, bearing in mind the long distances which they have to travel. Under the present method of handling our grain it is quite true that the speculator must provide the money to permit the companies to hedge. As the Prime Minister stated yesterday, the banks will not provide the funds for these elevator companies to speculate in wheat. They hedge the buying each day, and consequently, so far as the elevator companies are concerned, they reduce the speculative element to the very minimum. Under these circumstances someone must be in the market to provide the funds which will take up these hedges. The farmer objects to the speculative element being the force in the control of the price level of his product. It is quite true that the price level is largely determined by world prices, but nevertheless the farmers of the west feel that the time has come when the speculative element should be eliminated in the process of handling the grain grown in that part of Canada. That is a very important feature so far as the farmer is concerned. I feel sure that the farmers, when they realize this important

point, that the speculator under this legislation will be to all intents and purposes and in fact, I believe, absolutely eliminated, will welcome the legislation. And even if they do think they would like to have the liberty of selling grain wherever they like, I think they will take more kindly to the legislation under these circumstances. But so far as the majority are concerned, I believe they will be in complete accord in supporting the measure.

It is a most remarkable fact that the primary producers, those engaged in the creation of new wealth annually, have received at the hands of governments less consideration than has been shown those whom we call secondary producers. Probably it is because the primary producers have not the wherewithal to make proper representations to the government. The fact is, however, that the past history of this country shows very clearly that so far as the primary producers are concerned, the same consideration has not been given them as has been given those engaged in secondary industries; and I must confess that I am far more interested in the welfare of the primary producer than I am in the welfare of the secondary producer, not only because I happen to be a primary producer myself but because the primary producer is the most important person in production in this country, because he creates new wealth each year. He creates that wealth either by growing crops or digging the wealth from the soil in various forms. Therefore the primary producer, creating new wealth each year for this country, is as much entitled to consideration from this parliament as any other class of producers.

I support this legislation and I hope that it will be finally drawn up in the best possible manner to make it effective. Before I resume my seat, let me say this again. In my judgment we must give more consideration to the primary producer, to see to it that he gets a reasonable standard of living, one comparable with that of other classes of producers in this country. There is no reason why he should not get that reasonable standard of living, and I assure the house that regardless of whatever political party may be in power, I shall be only too happy to do anything I can to achieve that result.

Hon. CHARLES STEWART (West Edmonton): I regret very much that I was not in the house yesterday as I note from the remarks of the Prime Minister (Mr. Bennett) that a challenge was thrown out to me to define my position on this particular bill. I thought my position in regard to bills of this character was very well defined. It is most remarkable that nearly every piece of legislation that has been introduced by the government this year has been along the lines of the well known policy of the Liberal party, and the most amazing thing is the attempt on the part of the government to make it appear that this is something they have just discovered, something new they are introducing, or, in other words, a new deal. The situation has become absolutely ridiculous, so ridiculous in the country that the only question one hears wherever one travels is: When is there going to be an election so that we may remove this moribund government from office and put in someone who will do some business? That is the only question one is asked on the highways.

The other day I listened to a conversation of a couple of members on the government side. They were congratulating themselves on the colourful performance of their leader and themselves. If that is a colourful performance, I do not know what the actual performance would be called. I know what I would call it, but we are not permitted to use that kind of language in parliamentary circles.

I should like to say to the Prime Minister, who does not happen to be in his seat just now, that he and I have been acquainted for a good many years, and I have always followed the habit of saying to his face what I have to say on any occasion. I want, for the dification of the Tory party and of the Prime Minister, to define very clearly where I stand on this grain board bill. I supported a grain board in 1922; I am prepared to support one now; I would have been prepared to support one in 1930 believing it was sound at that time to appoint a board. No one knows better than does the Prime Minister himself what happened in 1929. He knows quite well a mistake was made by the selling agents of the pools when they attempted to sell their own grain on British and foreign markets; he knows that because, on his return from London, he appointed Mr. McFarland to take charge of the selling agency. He made this appointment for no other purpose than to force the withdrawal of these selling agents and Mr. McFarland at once withdrew from foreign and British markets representatives of the Canadian pools. That was the inception of our difficulties. We had no difficulty between 1920 and 1930 in disposing of our grain. Let the members of the Conservative party just consider that fact.

Mr. LOUCKS: Will the hon. member permit a question?

Mr. STEWART (Edmonton): The hon. member will have a chance to speak when I get through. I propose to say what I am going to say to him so that he will be under no misapprehension and not go into the back concessions and misrepresent Liberal members of this house.

That was the beginning of the difficulty, and John I. McFarland, one individual, was appointed as a selling agency for Canadian pool wheat. Later he was put into the market by this government for the purpose of stabilizing the market. Let me say at once that I have never on any occasion raised my voice in opposition to the action of the Prime Minister in that regard. I believe it was a wise one; I said repeatedly and I say now: If you are going to give to the secondary industries of this country the protection mentioned by the hon. member for Acadia (Mr. Gardiner), you must of necessity give assistance to the agricultural interests; otherwise you are going to penalize and ruin them, and that is just about what the government has done now. It has brought the farmers to the verge of ruin, and now it has discovered, in the dying days of this session and this parliament, that a grain board is needed. I am told that the Prime Minister was applauded tremendously yesterday because he came to this decision before he is to die, that is die politically,—the Lord knows, I hope he lives a long time because he is exactly the same age as I am and I hope he and I have a good many years to live. Let me say this to my hon. friends: In the dying days of this parliament you have suddenly discovered you are in a mess—and you are in a mess and you have brought it on your own heads; the Canadian people fully realize you have brought it upon yourselves—and you are going to appoint a grain board with power to sell the grain production of western Canada. The wheat farmer is entitled to bonus when, by the excessive tariffs you have imposed upon him and other basic producers, you make him pay through the nose for every article he buys.

The hon. member for Acadia was kind enough to say: If we are going to have monopolies, let the farmers have a monopoly. I would say to my hon. friend that I am doubtful if that is the way in which we are going to get out of our difficulties. One thing we have to do is not tighten our belts, not reduce production and drive out of business a whole army of people who have established themselves as wheat farmers. Put them out of business, John I. McFarland has said, and so has the Prime Minister. The only solution they can think of is to reduce production. Canada has come to a pretty pass if that is the only solution the Tory party has for the troubles of the producer. I say here; I have said it on the hustings and I will continue to say: If you had inaugurated reasonable policies, paid your bonus, sold your wheat at whatever price you could get for it and got it off the market, you would not have been in the difficult situation you are in to-day. An hon. member pointed out that the farmer ought to have eighty cents a bushel at Fort William. Of course he should; if he is going to be able to buy more farm implements and machinery, then he will require more than eighty cents a bushel, and I speak very feelingly as one who has been farming all these years. If you do not bring the prices of primary and secondary products into conformity you are going to have difficulty. But what does this government do? They are the greatest copiers in the world. They have just witnessed what has happened in the United States, and now they start in to regiment secondary industry. My good friend the ex-Minister of Trade and Commerce (Mr. Stevens) stands by excessive tariffs and then he goes up and down the country complaining about the results of that policy, says we have got to regiment these people, bring them into line by law, because they are doing what? Taking advantage of the policies that he has placed upon the statute books of this country. We have regimentation of every sort. I do not know whether a man is going to be allowed to go out and plough without a licence soon, if this keeps on. Every activity is going to be regimented. It seems to me that there is just one person that this Tory government forget when they are introducing legislation, that is the consumer.

Mr. CASGRAIN: The forgotten man.

Mr. STEWART (Edmonton): He pays through the nose every time. It has always been so when a Tory government has been in office, ever since 1892 the same thing has happened, the same difficulties have arisen, and then a group of Tories in Montreal and Toronto will start an agitation for a union government. As soon as they have made a bad failure of carrying on their business they want a union government; I have seen that suggestion at the end of every Tory regime. Now we have the additional one that the people should tighten their belts and live more sparingly.

Mr. MULLINS: That is not correct.

Mr. STEWART (Edmonton): It is. My hon. friend will have an opportunity to state his case when I am finished, which will be very soon. I am going to reserve some remarks until after the report of the committee on this bill. Let me reiterate that the government have brought this upon their own shoulders, it is the result of a mistaken policy that they have pursued, and pursued even ruthlessly. No man can do business in this country after this unless he has a licence, even if he is doing business legitimately. The hon. member for Muskoka-Ontario (Mr. McGibbon) interrupts; perhaps they will regiment the doctors next, and I suppose my hon. friend will support it. Perhaps it would not be a bad thing to regiment a few of them.

My position is this. I would have supported the grain board in 1931. I believe if a grain board had been appointed then we should not have 210,000,000 bushels of carryover facing us at the end of this crop year with a prospect of a crop of another 400,000,000. Reports now indicate that we shall probably have that. It is a mighty unpleasant prospect. We cannot allow the basic producers of this country to be ruined as they have been in the past, because they have no reserves left. They have got to have relief, and I reiterate that as long as those policies of the present government are in effect I am in favour of a bonus to the farmer, not only for his wheat but for his other products. He is entitled to it. Moreover I want that wheat sold and that overhang got rid of in order that as the new crop comes on the market we have an opportunity to get the markets of the world stabilized. Every wheat purchasing country in the world knows exactly how much wheat Canada has.

THE ROYAL ASSENT

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

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

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An act to amend and consolidate the acts relating to patents of invention.

An act to amend the customs tariff.

An act for the relief of Ray Leitman Aronoff.

An act for the relief of Agnes Mabel Potter Brockwell.

An act for the relief of John Henry Ley.

An act for the relief of Emma Gelfman Goldman Stokolsky.

An act for the relief of Albertine Roberte Montpellier de Beaujeu.

An act for the relief of Mary Frances Isobel Brown Gauthier.

An act for the relief of Amy May Wells Gorman.

An act for the relief of Charles Michael McGuire.

An act for the relief of Isabelle Hume Sadlier Rice.

An Act for the relief of Nora Ellen Moore McCabe.

An act for the relief of Hildur Emilia Hill Soucy.

An act for the relief of Ethel Ellis Callow Randles.

An act to create employment by public works and undertakings throughout Canada and to authorize the guarantee of certain railway equipment securities.

An act to amend the Meat and Canned Foods Act.

An act to amend the Interpretation Act.

An act to amend the Special War Revenue Act.

An act to amend The Excise Act, 1934.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1936.

CANADIAN GRAIN BOARD

PURCHASE, STORAGE AND MARKETING OF WHEAT AND OTHER GRAINS

The house resumed consideration of the motion of Right Hon. R. B. Bennett (Prime Minister) for the second reading of Bill No. 98, to provide for the constitution and powers of the Canadian grain board.

Mr. STEWART (Edmonton): Mr. Speaker, when His Majesty's officer interrupted I had almost concluded my observations concerning this matter, because as I stated earlier I shall reserve further remarks until a discussion of the bill in committee of the whole house. However in order to be clear I should like to make one or two further observations, and to indicate the detrimental effect upon the milling industry of Canada the policy pursued by the stabilization board under Mr. McFarland has had. Instead of giving the miller his wheat at world prices this board insisted upon receiving for the grain the price they paid for it. Bear in mind, we are not complaining about that price. We believe the wheat producer should be bonused, and particularly when by way of excessive prices and tariffs granted to secondary industries he is mulcted for so much. So long as that condition exists, nothing else can happen. It is the result of a policy vicious in all its ramifications. I said I could have some

sympathy with my good friend the ex-Minister of Trade and Commerce if at once he would announce the real trouble about which he is complaining. But no, he does not do that; he simply wishes to regiment everybody.

In the milling industry the miller has been forced to pay for his wheat 7 or 8 cents a bushel above the world price, and has found himself in the unfortunate position that he could not sell his product in markets in which formerly he did business. From year to year the condition has been aggravated. To-day we have the spectacle of milled foreign wheat being sent into Canada as flour, something which has never happened before. I suppose hon. gentlemen opposite will applaud a condition of that kind. They are the ones who always want to shut out products competing with anything produced or made in Canada, and I say they had better do something about imported flour. Hon. members will observe how as a result of this government's policy the vicious circle has widened. I am reliably informed that unless something is done for it the milling industry in Canada will be forced into bankruptcy. What should be done? As I stated previously we should bonus the farmer. Then we should sell our wheat at the world price, and get rid of it. It is useless for the Prime Minister or any other person to state that we are unable to sell our wheat. Had they been willing to buy goods in exchange, they could have sold our wheat. I say they could have sold it at all times, but they refused to take goods in exchange, have adopted the policy followed by other countries and have said "We cannot do anything because of the action of other countries." They accuse us of sitting by between the years 1920 and 1930, and doing nothing. Well, I say to hon. members opposite that they were going to blast their way into the markets of the world; they said they were going to sell our agricultural products. Retribution must follow.

If the leader, whom the hon. member for Regina (Mr. Turnbull) follows, chose to make a speech in that city at this time, in view of the 1,500 gentlemen deposited at that place he would have no difficulty in obtaining a few men with white buttons who would form a parade. He had some difficulty in 1930, but he would have no difficulty in gathering them up now. The hon. member seemed quite perturbed because the condition he described has developed in Regina. I say to him it is the result of the policy he has been supporting for the last five years and that policy which I have no doubt he will continue to support.

[Mr. C. A. Stewart.]

Let us sell our wheat, and get rid of it. Let us pay a bonus commensurate with the bonus the secondary industries are obtaining. If that is the way you are going to run the country, then I am for it. I must say however that I believe I have a better plan. Let us have no more of this nonsense; let us get out, sell our goods, do business and not talk about reducing production and tightening our belts. That sort of thing makes me see red. If that is the state to which the Canadian people have come, then God help us. If that is the condition, then I say we are impotent and helpless. I say in all sincerity that I would not support over night any government which would make such proposals either to its followers or to the people throughout the country.

You are a pretty badly wrecked institution now, but I have begun to have some doubts about the Prime Minister—and I wish he were in his seat so that I might direct my observations to him. I have had all sorts of sympathy for him, but after his performance of yesterday I have begun to have some doubts. We have been sitting here, taking things quietly knowing you were going to annihilation, and feeling it was only a matter of time when you would declare for an election. We have had sympathy for you in your troubles—although you brought most of them on yourselves. However after the experience of yesterday and after the challenge thrown out, do not think that we are going to sit back and eat humble pie—because we are not. We have a better way, and as soon as we have the opportunity we will put it into effect and bring back to Canada that prosperity to which she is entitled. It will not be any belt-tightening process, nor any silly suggestion of that kind.

Mr. SPENCE: Tell us how you will do it.

Mr. STEWART (Edmonton): We will tell you in good time. Get out, and make way for those who will do things; for heaven's sake give this country a chance. You have sat there long enough and your departure is well overdue. Your political death and funeral should have been over long before this. As I said before, Mr. Speaker, what remarks I have to make further I will make when we are discussing the bill in committee of the whole house.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I desire to say a few words to explain the vote I am going to give on this measure, but before doing so I have a little account to settle with the right hon. the Prime Minister (Mr. Bennett), who I am sorry is not in his seat at the moment. In

the course of his vigorous and rather bitter speech yesterday he spoke almost as if we were the authors of the difficult situation in which he is placed with regard to this wheat question, and without any justification whatever that I could see he referred to my humble self and spoke of the negotiations in connection with the French treaty in 1922. I quote his words from page 3566 of yesterday's Hansard. I do not know what this had to do with his speech; nevertheless he uttered these words:

Mr. Bennett: Let me ask the hon. member this: Did he at any time when he was negotiating a treaty with France say a word about wheat at all, in any shape or form, when he was giving France preferences? Did he stipulate for anything then, when he might have done so with respect to wheat?

Mr. Lapointe: We were selling our wheat at the time.

Mr. Bennett: We were not; that is exactly the point. In any case it is the duty of a statesman to look a bit into the future in respect to these matters.

The right hon. gentleman took the trouble to state quite frequently in the course of his speech yesterday that he was stating facts, not fancies or theories, but facts. Well, what are the facts about this statement of the right hon. gentleman?

Article 1 of the convention of commerce between Canada and France in 1923 reads as follows:

The natural and manufactured products originating in and coming from Canada enumerated in schedule A to this convention shall enjoy when imported into France, the French colonies, possessions and protectorates having the same customs tariff as France the benefit of the minimum tariff and of the lowest rates of duties as regards present import duties and taxes and as regards any such duties or taxes which France may hereafter establish and also as regards surtaxes, coefficients or other temporary increases that France may establish.

What is that schedule A? Schedule A is a list of Canadian products enjoying the benefit of the minimum tariff of France, and item 68 of that schedule is "wheat, spelt and meslin (grain, flour)." Item 69 is "oats (grain, meal);" item 70 is "barley (grain, meal);" and item 71 is "rye (grain, meal)."

And in the right hon. gentleman's own speech he showed that in the following year when the treaty was in force the duty imposed by France was decreased to 11 cents a bushel. That was on January 7, 1924. In my right hon. friend's own list at this present time the rate is I believe 85 cents a bushel.

Mr. MANION: Before your government went out of power it was 85 cents a bushel.

Mr. LAPOINTE: Possibly.

Mr. MANION: Not possibly but positively.

92582—229½

Mr. LAPOINTE: But that was not at all the result of my not having said anything about wheat in the negotiations for the French treaty. We got from France the best treatment possible, the lowest tariff granted to any country on wheat, which is not what the Prime Minister said yesterday. He said that we did not even use the word wheat in the negotiations. Well, if the rest of his speech is as true as that part I pity the western farmers in connection with this question.

Coming to the bill before the house let me say first that I approve of the creation of a board for the purpose of endeavouring to clear up the present mess because a mess does exist.

Second, my vote does not mean that I approve in any way the speculative elements of the policy of the government during the last few years.

Third, that this board is for the purpose of helping and assisting the western farmer in the present emergency, and is not to be considered as a permanent scheme, especially a scheme of compulsion under which any Canadian farmer could be sent to gaol for disposing as he wishes of the product of his labour, of what he has produced by the sweat of his brow. In that regard I will refer to what has been done in Australia. Certainly Australia is a good deal more socialistic than Canada in her policies, especially during the last few years. In Australia they bonus the production of wheat. The commonwealth government gave a bonus of three pence a bushel on wheat, and they loaned a certain amount of money to the various states for the purpose also of bonusing the production of wheat. What was the procedure in Australia? First they appointed a royal commission to investigate the whole situation with regard to wheat, and what that commission said with regard to a compulsory marketing scheme for wheat I read in the Parliamentary Debates of the Commonwealth of Australia of March 13, 1935, at page nine. It is found in the speech of Doctor Page, who is the leader of the country party in Australia and who was acting prime minister at the time. He gives the recommendations of the royal commission upon which the Australian legislation was based, and the third recommendation of that royal commission reads as follows:

(iii) That, in any case, a compulsory marketing scheme for Australian wheat be adopted, provided that the majority of wheat farmers of each of three wheat-exporting states express their approval of such a scheme, and that the principles upon which the compulsory marketing scheme is based shall be those recommended in paragraph 273 of subsection 6 of section V of this report.

Even in Australia the commonwealth made it a condition of the enactment of a compulsory marketing scheme for wheat that it must first receive the approval of the majority of the wheat farmers in three of the wheat-exporting states of the commonwealth.

Fourthly, in connection with this bill, there should not be any price-fixing for a particular class of Canadian production. My hon. friend from West Edmonton (Mr. Stewart) says, "You bonus the manufacturers, the secondary industries. Well, if you continue to do that you must bonus the farmer as well." But, Mr. Speaker, if you enter into that sort of thing you have to bonus all the farmers, and not only those who specialize in one particular form of agriculture. If you bonus the wheat farmers I do not see how you can explain to the satisfaction of those who produce butter or potatoes or any other farm product in my province or in other provinces why their products should not be bonused as well. And, fifth, I vote for this as a temporary emergency measure and not as a permanent scheme of socialistic government operations in connection with the production and distribution of wheat, especially since it is introduced in the dying days of a moribund government.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, I have listened with a great deal of interest to the discussion which has taken place on this very important bill and with what has been said on this side of the house I am pretty much in agreement. When addressing the house this afternoon the hon. member for Acadia (Mr. Gardiner) said in effect that a permanent policy with regard to the marketing of wheat was absolutely necessary and that he was inclined to believe that the policy outlined in this bill was of a type which he could support. I suggest to the hon. member for Acadia that before he commits himself to that extent he observe what our greatest competitors in the world markets are doing and compare this legislation with what they have had in effect for quite a number of years. One thing this bill has proved to me is that the policy of this government as carried out through John I. McFarland for the last four years has not been right, and they admit that now. I propose to approach this subject by directing attention to what our greatest competitors have been doing to solve the same problem which prevails in their countries to a lesser extent. In my opinion the condition of the wheat grower in western Canada has never been worse than it is to-day. I do not care what government may be in power at this time, it would have to take some action similar to that set out in this bill. It is essential that the wheat grower be assisted by some means. When addressing the house yesterday, the Prime Minister (Mr. Bennett) said:

> As I proceed this afternoon I shall endeavour to point out what has been done during the last four years. I shall offer this record to the house without apology or excuse and with some sense of justifiable pride for the results which have been obtained. I look back upon this record with some degree of pride as paying some part of the debt which I owe to western Canada.

At the beginning of his speech the Prime Minister stated that he had been in western Canada for thirty-seven or thirty-eight years. I am entering upon my thirty-eighth year, but unlike the Prime Minister I have spent those years in the growing of wheat. Like the Prime Minister I say that I hope the part I shall play in this matter will pay part of the debt which I owe to western Canada. The Prime Minister continued:

> I intend to put upon the records of this house figures which will tell their own story, figures which will indicate just as clearly as figures can the history of the dealings in wheat during the last four or five years.

I read those figures, and there is a great mess of them, but in my opinion they do not reveal the true picture. There is not one iota of evidence in the speech of the Prime Minister as to the monetary interests which Canada has in the wheat handled by John I. McFarland. Perhaps the Prime Minister thought that it was not the proper time to reveal this, since the bill may be sent to a committee of the house where it will be possible for all interested in the matter to appear. I am hoping that either Mr. McFarland or the Prime Minister will make a statement before that committee. I think this should be done, in view of the statement made by the Prime Minister in western Canada that the policy adopted by this government had placed some $200,000,000 more in the pockets of the wheat growers than they otherwise would have obtained. An opportunity should be given to the Prime Minister to state to the committee just how that $200,000,000 was put in the farmers' pockets. I think we should go back and look at the task which the Prime Minister imposed upon himself in 1930. I do not intend to go over all the promises made, but I should like to recite at least two. Speaking in Saskatoon on June 19, 1930, he said:

> There is only one way we can get the moneys of England for Canadian wheat rather than Russia and the Argentine, and how is that?

By providing our wheat cheaper than the others. Is that not so? And how are we going to do it? That is what we are promising to do at any rate.

Speaking in Regina on June 11, he said:

I trust you will realize that one of the reasons we are not selling wheat to England is because others are selling there, and another reason is trade conditions with the Argentine, and another may be Russia. We must deal with this problem on behalf of Canada and not in terms of any other country.

I propose to show just what is our position to-day in the only market which the Prime Minister said would be of any use to the Canadian wheat grower. I intend to give a true picture of the imports of wheat into Great Britain from Canada, from 1921, the year of the general election following the union government, down to the present time. For the information of the house I might say that these statistics are furnished by the bureau of statistics.

In the fiscal year 1921 we exported to the British market only 29 million bushels of wheat, in round figures. In 1922 we reversed those figures, our exports being 92 million bushels. In 1923 we went up to 166 million bushels and in 1924 we had a further increase to 173 million bushels. In 1925 we dropped down to 142 million bushels while in 1926 our exports increased to 186 million bushels; in 1927 they were 179 million bushels and in 1928, 186 million bushels. In spite of all that has been said about the British market having been lost before the present government came into power, in 1929 we exported 229 million bushels of wheat. Through the policies inaugurated by the late government we increased our exports of wheat to Great Britain from 29 million bushels in 1921 to 229 million bushels in 1929, an increase of 200 million bushels. It must be remembered that these are not my figures; they come from the bureau of statistics. Let us see what happened from 1929 on. The elections were in July, 1930, and in that year our exports dropped to 113 million bushels. In 1931 they were up to 131 million bushels; in 1922 they were 110 million bushels; in 1933, 150 million bushels and in 1934 they had dropped to 112 million bushels. The bureau of statistics furnished me with the values of these exports, but as I propose to try to finish by six o'clock I shall not give them. For the eleven months ended February 28, 1934, our exports amounted to 105 million bushels, and for the same period in 1935 they were 108 million bushels. It will be seen from these figures that the British market has taken the least wheat since this government came into being. Someone will ask—Where has it gone? I propose to deal with that question. The ex-Minister of Justice (Mr. Lapointe) has dealt to some extent with the situation in Australia, and I will discuss it more extensively, touching also the situation in the Argentine. Let us take exports from Canada into some of the ports of Great Britain—and I want the Prime Minister to mark this. This is taken from the Commercial Intelligence Journal of February 23, 1935. It is a publication put out by the Minister of Trade and Commerce and therefore I take it that the statements it contains are authentic. At any rate, I have accepted them as such:

The inevitable sequel to the British government wheat subsidy was reduced importations. In 1934 the quantity of wheat brought in—102,652,387 cwts.—was some 9 per cent less than in 1933. As price generally governs movements of wheat, it was to be expected that Argentina should have been a strong factor in the market. The increase ascribed to that country, however, which amounted to about 42 per cent over the twelve months, is nevertheless remarkable. Imports from the dominion fell to 35,715,748 cwts. from 45,570,487 cwts. in 1933.

The Argentine followed out what the Prime Minister suggested in his speech at Regina. Because they were selling wheat in the world market, at a price which happened at that time to be, as it still is, cheaper than the price Canada is demanding for wheat, and which is all out of line with world prices, that country was able to capture the market at that time. Let us see what we have done with regard to flour. I quote from another issue of the Commercial Intelligence Journal—I will not go through them all—to indicate where our business is going. I take the issue of March 2, 1935:

Bristol, February 7, 1935.—At the end of 1934 the west of England market for Canadian flour was at as low an ebb as it has ever been. Furthermore, the market had been decreasing, and had been quiet for a longer period than the oldest importer can remember. Often in previous years months might have been expected to elapse when price differences would not permit of sales of Canadian flour, but compared with the present position such periods were definitely short.

During 1934 French flour was imported into the west of England in more than appreciable quantities, and at the end of the year this flour was being offered, but less freely, at 19s. Flour from Germany was not imported at all into the west of England during 1934. In the past some importation from Germany has been found possible, but 1933 saw the end of this trade. The French flour being imported has had some effect on the retail flour trade of the English millers as considerable quantities of it have been imported for the purpose of manufacturing self-raising flour. In South Wales a new trade has been started with the importation of French flour which, after processing, is packed in 1 pound paper bags for the

retail trade. It is reported that four such blenders in 1934 filled and distributed 30,000,000 1 pound bags of such prepared self-raising flour.

As now can be appreciated, the market for Canadian flour has adversely been effected by these many factors. One serious result has been the discouragement of importers and merchants to carry stocks. One important merchant reports that his stock of Canadian flour at the end of 1934 was only 40 per cent of what he normally expected to carry.

That bears out the contention of the hon. member for West Edmonton, that we have lost not only our market for wheat but our market for flour. The report goes on:

The price difference which exists at the moment prevents bakers considering seriously the question of increasing the percentage of Canadian flour they should use, but at least hope is entertained that any levelling out of these price differences will make for an immediate increased demand for Canadian flours, the excellence of which is universally admitted.

Imports of flour into the port of Bristol during 1934 amounted to 18,695 tons as compared with 22,655 tons in 1933 and 18,099 tons in 1932. Imports of Canadian flour amounted to 9,807 tons as compared with 10,948 tons in 1933.

So that all along the line we are losing markets. Now I want to show what is being done in Australia. I have here another issue of the Commercial Intelligence Journal of February 9, 1935, and I want the house to note just what Australia did with the supposedly large carryover with which she was faced at the end of the crop year, that is to say, at the end of November. I quote:

Melbourne, December 19, 1934.—During the wheat export year which ended on November 30 the total shipments of wheat and flour from Australia amounted to 95,598,318 bushels as compared with 149,006,859 bushels for the previous year. Shipments since December 1 amount to 1,612,421 bushels. There has been much greater activity in the export trade since the beginning of December, and the movement from Victoria particularly has been very satisfactory. Considerable anxiety has been felt in the trade because of the congestion at country elevators and shipping points owing to the relative absence of export activity within recent months. This unfortunate condition still obtains in New South Wales, where the holders are still loath to accept the low prices ruling, and there is a risk of serious deterioration to the old crop if it is not moved very shortly. The stocks on hand from the old crop are of inferior quality as compared with the new wheat now being harvested, and the presence of relatively large carryover stocks, amounting to 20,000,000 bushels adversely affects the position of the new wheat crop.

I want to direct the attention of the house to what they did with this surplus of 20,000,000. If they were carrying a percentage of carryover comparable to ours, with relation to the crop we grow, Australia should be carrying, instead of 20,000,000 bushels, something more like 100,000,000 bushels, considering that we are carrying 225,000,000 bushels. I continue the quotation:

Owners of storage space are insisting upon the sale of a portion of the stored wheat, as it is in the best interests of all concerned in the production and marketing of wheat that all the past season's grain should be cleared by the end of January. Consequently, large quantities of wheat have ben offered for sale, and the low prices has attracted buying from Japan and Shanghai. Considerable sales have been made to that area, and although the prices are unattractive to the farmers, the position is greatly relieved thereby.

That is what Australia did last year. The ex-Minister of Justice discussed the present activities of that country, and I should like to read from the report of the royal commission:

The royal commission inquiring into the wheat, flour and bread industries of Australia have recently issued their supplementary report, copies of which are on file at the Department of Trade and Commerce, Ottawa. They have made important recommendations with respect to the present season's crop, and the commonwealth government have acted on their suggestions in providing £4,000,000 for distribution to wheat growers who have sown wheat during 1934. The ministry has agreed to the recommendation of the royal commission on wheat that the £4,000,000 should be made available by the commonwealth for distribution by the various states.

(1) There will be a bounty of 3d.—

This is six cents in their money.

—per bushel on marketable wheat delivered for sale, which involves an expenditure of about £1,500,000 on the basis of 120,000,000 bushels.

(2) Advances will be made to the states amounting to £1,926,750 for payment of approximately 3s. an acre sown to wheat.

So that Australia is subsidizing both the sale of wheat and production. I see nothing in the recommendation that curtails production of wheat in Australia, but here we are, in Canada, faced with competition such as we have to meet, and the only solution this government has to offer is that we should cut down production. Let us look at the Argentine. I would suggest that the government give serious consideration to a similar set-up in Canada rather than to proceed with the bill now before the house. In Australia they have set up what they call a purchasing board. The name probably is a misnomer; it should not be called that. Its function is at all times to be on the market, and when wheat takes what the board decides is the low level, it steps in and supports the market. You may call this "pegging the price" if you like, but the action of the board in taking wheat off the market has a tendency to bring about a rising market,

and after the price rises eight or ten cents and there is a strong demand for wheat, the board immediately starts to dribble on to the market the wheat which it had taken off at the low level. Had this government pursued such a policy in the last four or five years, it would not have been necessary for us to-day to be discussing the bill now before the house. I suggest that the government give serious consideration to this matter.

I believe there is in the grain trade a very efficient machine; I think the government should not go further than to control that machine, and the best method I can suggest to the government of controlling it is by some such device as is used in Australia. I propose, if this bill is sent to a special committee, to do my best to see that all the information is forthcoming that is necessary to enable the house to arrive at the soundest conclusion. No one knows better than does the Prime Minister that as a farmer, as a grower, realizing that because of the serious situation we were in, information should not be given, I have given every consideration to the government in that regard. But an election is pending; the government is going to appeal to the people for endorsation of its policies, and it is only right and proper that the government should give full information as to the monetary considerations involved so that we may be able to vote intelligently. I hope the Prime Minister will carry out the suggestion he made at the request of my leader, that a special committee be set up to deal with this whole matter.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, it would not seem to be necessary to spend very much time on this bill, having regard to the fact that everyone seems to be desirous of sending it to a committee. So possibly the proper time to speak would be after the findings of the committee are brought before the house. Nevertheless a number of suggestions were made this afternoon that might be helpful to the committee, and I might possibly be fortunate enough to contribute some more. I am going to try to keep away from the tone of my right hon. friend the Prime Minister (Mr. Bennett) yesterday. Of course we feel entirely forgiving towards him because it shows he has been able to stage his come-back, as it is called. I hope he does not overdo it; we are all very anxious about his health. As the leader of one of the great parties we want to see him in good condition when he lines up for battle. It gives us more freedom in discussion, and besides we do not like to see any hon. gentleman of his standing and capacity only half well. I hope however not to continue the somewhat meat-axe style of discussion with which he challenged this side of the house yesterday.

I am going to run over briefly some of the government's blundering record in dealing with wheat. I am not going to be harsh, but they have developed a penchant that when they put their hands into the wheat problem they usually put their foot in it at the same time. That was quite manifest when the government first endeavoured to give a bonus of 5 cents per bushel. They attempted to give a much needed five cent bonus to the farmers of the west, and first proposed to distribute it through the medium of the railways, somehow absorbing it in their freight rates. The next proposition was to give it through the exporters. Some of us could not see how it would ever reach the farmer through that medium, and as it was ostensibly meant for him we made some candid criticisms of the method. Finally the government brought on Mr. Ramsay and he made a plan of distributing this five cent bonus based on the same policy as the 1919 wheat board adopted. That should have been known to the government, but apparently the then Minister of Trade and Commerce had forgotten the old method. We have been roundly blamed for opposing that bonus, and blamed no doubt in connection with the bonuses given since, simply because we criticized and showed how it could be done to better advantage and more effectively.

The next government move was the Sir Josiah Stamp commission dealing with wheat futures, although the preceding government had had an investigation into wheat futures by Mr. Justice Turgeon who dealt with that same question very completely and came to much the same conclusion as did Sir Josiah Stamp and his commission. But the government could not get even that simple thing done without putting their foot in it, and they did so by inserting what was called appendix 12. I do not know how it got in—, inadvertently, it was said. I have a good guess how it got in, but I am not sure. At that time the government did not seem to be quite as friendly with the wheat pool as they are now, because this appendix 12 certainly gave the pool and their general organization a jab in the short ribs that they felt. How-

ever after some discussion on the subject the government decided to call in all those wheat future reports about a thousand I think, and have that offending appendix removed. I think if we knew all the story about that distorted appendix it would take half an hour to tell it.

Then we had the Prime Minister going over to London in 1930 to try out his blasting methods of selling farm produce. We do not need very long to deal with that; he came home empty handed and the conference was adjourned to Ottawa at a subsequent date. It was to be within a year but it proved to be nearly two. I shall not dwell on that incident except to recite very briefly the great expectations that were aroused in the west as the Prime Minister came home. He arrived in this city; he was not banqueted if I remember rightly, because that was the occasion on which he came back empty handed, but the newspapers had him paged at every divisional point between here and Regina; a telegram went forward that the Prime Minister was one day's journey nearer the prairies, where he was going to give a message of great encouragement to the expectant farmers. But that was the greatest frost in which the Prime Minister ever figured; he had nothing to tell them, and he told it well.

Then we had the Ottawa conference of 1932, right in this building, and the famous six cent preference which was not meant to give us any more money for our wheat; it was to hit the other fellow. I do not think much of that way of doing business; hitting the other fellow does not do us much good. We do not hear much about that now, except that the foreigner with his depleted currency seems to have got the inside track of us. They have been hit and they thought we in Canada were responsible. The Prime Minister indicated on more than one occasion that the intention was not to make the mother country pay six cents more for our wheat but to give us a sheltered market. Is it a sheltered market now? From what? Not the Argentine, we rather are sheltering the Argentine.

Then there came the international wheat conference; that was another dud. I think perhaps the government meant well, but there was some preliminary spade work that, in my estimation, required to be done before they could ever hope to have a successful international wheat conference that could reach any conclusions that would be binding. We had grossly offended Russia, a great country starting out on its own line of government, which they had a right to do no matter what we might think of it. This federal government took authority at the very first session, and exercised it the second session, to embargo six or seven of Russia's major export commodities. At one time that would have been a sufficient international offence to cause war, but our government did not seem to have any hesitation in engaging in that kind of dangerous heroics. This international wheat conference was the aftermath of a great international conference that met in London in 1933, and not having accomplished much, this subsidiary conference was called, with our Prime Minister as chairman, of some twenty or twenty-one countries which import or export wheat. From that kind of setting how could one expect anything worth while? Argentina is blamed for breaking away from the quota agreement arrived at there. Russia never did sign the agreement so far as the quota was concerned. I do not see how we can blame Argentina very much when we never had this agreement submitted to this parliament for its approval. It never got the formal endorsation of this parliament, so any other country could well hide behind that well known fact and make it an excuse for defaulting. However, this international wheat committee has still a continuing committee, bumming around and drawing their salaries and affording some excuse for the government hanging on to another of their marketing illusions until after the election. Mr. Andy Cairns, the great statistician, and the gentleman who is credited with advising the wheat pool wrongly regarding the withholding of the full measure of grain sales which might have been made in 1929 and 1930, is Canada's representative on the international continuing wheat committee. So that that is another dud exploded. It has become a habit with hon. members opposite to make blunders in connection with the disposing of wheat and dealing with wheat problems.

We come now to the wheat debacle of 1929 and 1930. It will be recalled that in February, 1930, or therabouts, the three provincial governments guaranteed the banks against loss on wheat pool operations. They had the misfortune of making their initial payments too large. I hope the government will take cognizance of that fact and will not indulge in that procedure when this wheat board is in operation, unless it is intended to bonus that way. The fact developed that the three western wheat pools had paid out to contract signers over $22,000,000 more than was coming to them. It was impossible to get that large amount back so they entered into a statutory agreement with the Saskatchewan government to have the loan paid back in

nineteen equal annual instalments. Up to this date I am pleased to report that all payments have been met on due dates. Apparently at that time the banks did not have much confidence in the wheat pool situation, and because of that they wanted further security and obtained it from this government.

At this point Mr. McFarland entered into the picture. I have a lot of sympathy for him because he took on an impossible job. When the Prime Minister introduced the resolution in March of this year I do not know how he knew that Mr. McFarland was going to be sick. However if the account of his speech which I read in the Ottawa Journal was correct and from what I heard of it myself I would gather that this bill is predicated upon the assumption that Mr. McFarland is too ill further to give his services to the country as chairman of the selling agency. How did the Prime Minister know at the time he introduced the resolution three months ago that Mr. McFarland was going to be sick? He could not have known. Mr. McFarland has delivered at least two outstanding addresses, one in Winnipeg in April and another in Regina in May, since the resolution was brought down, and showed himself in good form.

I should be interested to learn whether or not the Prime Minister has acquired the art of foretelling and foreseeing other people's health. He does not answer. I think that was just a little fairy tale; he forgot himself. He must have forgotten his resolution forecasting this bill, and he gave the only reason he could think of at the time, namely that Mr. McFarland was in poor health and would not be in a condition to carry on further stabilization operations, hence this bill. I believe it is a compliment to the Prime Minister to observe that he cannot think up a better fairy tale than that one, and it shows that he is not an adept at telling yarns. Therefore I shall conclude my remarks on this phase of the matter by complimenting him. He would ten times rather tell the truth than quibble even a little bit. However, he forgot himself, he forgot the resolution was on the order paper at least three months before the bill was introduced, and at a time when Mr. McFarland's health was good enough to enable him to give good public addresses.

I have said that when Mr. McFarland was asked by means of stabilization to give to the farmers a much needed bonus on their wheat prices, he was asked to do an impossible task as sales would drop off if such bonus were passed on to our overseas customers. It was proposed by the Prime Minister that the bonus which could be given under the stabilization policy would equal the five cent original bonus that was cancelled at the end of 1931. I believe the house will recall that the Prime Minister indicated one would almost equal the other. It would appear to me that at times the stabilization operations exceeded the five cent bonus and was appreciated accordingly.

Speaking at Moose Jaw in February last before the Saskatchewan school trustees' association Mr. McFarland gave the story of his appointment, and told why he was working without salary. Part of his speech is as follows:

> He was wholly in accord with my action. I was offered any reasonable salary—
>
> I presume by the pool or by the government, I do not know which.
>
> —I cared to name, but I refused to accept the position on a salary basis—
>
> Mark you.
>
> —because it was a national emergency, and I was well aware that the greatly over-expanded world production of wheat was such that no man could accomplish or expect to accomplish that necessary perceptible measure of success as would warrant a salary.

He admitted he was not able to do this job of giving a bonus to the farmers on top of the normal wheat price, and at the same time sell wheat to the world in competition with comparable wheats of other countries. What did he do? He put up the price and sold it to our complaining customers across the seas at prices frequently running from eight to twelve or more cents higher than the usual premium accorded our wheat. In other words, through the stabilizing agency, by giving a bonus, and making the customers abroad pay for it, the Canadian government were making good fellows of themselves with the farmers. They did that, instead of taking that money out of the coffers of the country and paying it direct, as they did when they paid the five cent bonus of 1931. They thought they were devising a cute way of doing things; they were playing a cheap racket and paying bonuses, but making our customers on the other side of the ocean pay enhanced prices. That is the story. No wonder Mr. McFarland said he would not undertake such a task and that he could not give value for a salary. As I am not corrected in any of these details I assume I am stating the accepted facts. Mr. McFarland admitted beforehand that the task he had been given was an impossible one. The government has found it so, and that is the reason this bill is before us.

Some hon. members on this side of the house have been represented as being opposed to bonuses. I believe most people would like to get away from them, but when you have the secondary classes in a community with their feet in the trough, what are you going to do with the others? Can you keep them out? No, you cannot play favorites in a crisis such as this. I have always felt some disappointment in the secrecy and furtiveness with which the government's stabilization policy has been surrounded. If the Prime Minister feels justified in complaining about a whispering campaign, why during all these years has he withheld the information from us and left the public to guess the wheat holdings of Mr. McFarland, and other important details? Why didn't he come out and tell us the facts and then the people would not have had to do any guessing? I have for at least two years right in this parliament objected to this star chamber method of handling the greatest export commodity of the country. There is no justification for it under the sun, and either it shows a disposition to want to cover up something or they did not know enough about the business to know that other wheat-bonusing countries were revealing the facts of their sales month by month. As I recall, in the United States the late Alexander Legge made no bones about what was going on in the United States, and he very soon got from under.

May I refer to the Commercial Intelligence Journal issued under the authority of the Minister of Trade and Commerce (Mr. Hanson) and his deputy minister, Mr. Parmelee. Under date of January 12, 1935, the Commercial Intelligence Journal at page 50 carries an article by Mr. Scott, a Canadian trade commissioner, on Board of Control for Cereals in Argentina. It is an amazing thing, Mr. Speaker, that the government will hand out all this information without any hesitation not only in this issue of the Commercial Intelligence Journal but in another publication to which I shall refer in a moment, telling all and sundry what is being done in the Argentine and then refrain for four and a half years from telling us anything about the Canadian situation except what was told us last night as to the volume of wheat in the selling agencies' hands. Here is the statement on page 50:

> Following the announcement that the same basic prices would be continued for the coming season, a separate statement has subsequently been issued reporting on the operations of the grain board between December 4, 1933, and November 26, 1934. The statement shows that the operations of the grain board during the above-mentioned period have been carried on at a total loss of around 8,815,000 paper pesos.

A peso is about 53 cents, so that amounts to about $4,000,000:

> The loss sustained by the grain board in maintaining minimum prices has, however, been fully covered by the profits made by the government in the buying and selling of foreign exchange.

The Argentine is also giving bonuses to their farmers. The Argentine people go further into the business and gamble in foreign exchange, and they put up their profits on that against their losses on wheat sales. But our government wants to make our customers pay for the bonuses to farmers, thus driving them elsewhere for their wheat supplies. They have something to learn yet, and I think this committee could do a whole lot of good if we had the time to do it, but Mr. McFarland is in hospital and we had the Prime Minister in effect telling us last March in the resolution that Mr. McFarland was going to be sick today, and possibly could not come down here to give evidence. I hope that the committee will assemble in a very different spirit from that in which the Prime Minister addressed the house last night, and I am glad that I have sufficient self-control not to follow suit in the meat ax fashion that he then adopted.

Referring again to the Commercial Intelligence Journal, here is a table giving the monthly purchases, sales, cancellations, and stocks for the different months of the year; for instance, purchases for the month of December amounted in round figures to 571,000; sales, 28,000; cancellations, 3,000; stocks, 540,000, and so on. The figures are given for every month of the year. But not a word from this government. They have been as silent as the grave. Of course, they knew they were approaching their political graves and perhaps that suggested the silence. But is that the way to do business? This government that preaches ethics in business violates every decency of ethics in connection with our wheat business, and there is no one who does it more than the ex-Minister of Trade and Commerce. We will get around to him later on perhaps.

Here is a note about these cancellations, and those of us who have conscientious scruples about the compulsory features will note this:

> The figures given under the heading of cancellations represent sales made to the board which were subsequently cancelled by the seller when able to dispose of his grain more advantageously elsewhere.

I support my hon. friend fronm South Battleford (Mr. Vallance) in the remark he made just before six o'clock when he recommended, as I recommend, that the Argentine policy of handling their wheat sales be studied carefully by the committee so far as time will permit, and this know-all government will find something to learn there. The people of the Argentine have learned how to bonus their farmers and yet sell their wheat,—something not yet learned by Canada.

Here is a very interesting document which is gotten out every month by this government, by the Department of Trade and Commerce, called the Monthly Review of the Wheat Situation. We can get all kinds of information about the Argentine. Just see what they say on page 25 of the issue for March, 1935:

The correspondent of the Dominion Bureau of Statistics in the Argentine has forwarded the following report under date of March 4, 1935.

That is the correspondent of the Dominion Bureau of Statistics in the Argentine. I would presume they have a resident correspondent there. I do not know whether he is a special correspondent or not. At any rate he is the correspondent of this government, whether an employee I do not know, but I would expect not. He says:

One of the features of the market during the month has been the brisk demand for Barusso wheat from Bahia Blanca territory. Of the various types of Argentine wheat this is the one which most nearly approximates that of Canada. Hence it is much in demand by millers as a substitute for Canadian wheat now that that is being practically held off the market by the high prices asked for it, and buyers are quite willing to pay a premium over the prices of other Argentine types, even the Rosafe which was formerly the leader here.

There is this correspondent making this admission in this document issued by the government, and I presume it is correct, that now that Canadian wheat is largely off the market because of high prices the people of the Argentine are selling their wheat quite freely in place of ours. I think it was no wonder Mr. McFarland got sick, carrying such a load of anxiety and responsibility in the attempt to do the impossible, as previously indicated.

Another issue of the Monthly Review of the Wheat Situation published by the Minister of Trade and Commerce says on page 11 under the heading, Grain Control Board:

Just as the month of November closed, the ministry of agriculture gave publicity to the long-expected statement as to the operations of the grain control board in respect of wheat.

They were anxious to hear about it, and apparently the information had been delayed for a few months. What if it had been delayed for four and a half years? The article continues:

Up to November 28 the official board has sold 138,756,000 bushels, having still on hand a remnant of 6,142,000 bushels.

That is all they had over.

The total expenses of the board amounted to 8,814,942 paper pesos of which 5,881,756 represents the loss on the grain sold; 2,455,000 interest money borrowed for the purpose of its operations—

And so forth. No trouble about getting information about other parts of the world, but we who supply the line of credit could not get a peep out of this government until last night, and then only a meagre statement of what we knew already, that there was approximately 200,000,000 bushels of wheat futures in the hands of Mr. McFarland. The country all along knew it. The grain men on the exchange day by day can make an estimate of how much the government or, as it is called, the pool agency, holds, so why the secrecy? Why has the government tried to keep this a secret? They must have had some object in mind but they cannot put it over on us by saying it was for the public interest—it was for their own interest, otherwise they would never have dared the criticism of the public for doing business in the clandestine way they have been doing it for the last four years and a half. There is nothing else but to send this bill to the committee and make the best of a bad business of losing markets in these dying days of a dying government. I am in favour of referring this bill to a committee for possible improvement, and I shall reserve my further remarks to a discussion of the findings of that committee.

Farmers were faced not only with the difficulty of having their wheat down to the lowest price it had been for four hundred years but they also had to compete with a monetary system where the currency of the Argentine was away down below ours. Those of us who sold five bushels of No. 1 northern for $1 and less at the point of shipment in December, 1932, know the crucifixion we had to go through; I sometimes wish the Prime Minister (Mr. Bennett) and his colleagues were personally aware of that so they would know the agonies the farmers had to suffer. What the government should have done was to go off the gold standard at the time Great Britain went off and not continue to crucify us on our export sales with a low British pound which had to be converted into high Canadian dollars.

It will be remembered that about this time last year I tried for four months to get a

copy of a report made by Sir Herbert Marler, Canada's representative in Tokyo, Japan. I was jockeyed back and forth from the Prime Minister to the then Minister of Trade and Commerce (Mr. Stevens), from him to the Secretary of State (Mr. Cahan) and so on. I finally got a little huffy over it and the Prime Minister told me he would not give it to me anyhow as it was confidential. I did not think anything of it at the time but developments since have made me wonder whether the Minister of Trade and Commerce had been authorized to do what he did in preparing a summary of Sir Herbert Marler's report. If the Prime Minister will say that the former Minister of Trade and Commerce had no authority to give me this summary, I shall not read it.

Mr. BENNETT: I never heard of it.

Mr. MOTHERWELL: If he had authority, there is no reason why he should not have given it to me. After I had got a little cross, in order to appease me Mr. Stevens came across the floor and handed me this summary. He told me it was for me alone but I told him that would not be much good to me. It was marked "private" and was not signed but frequently memoranda are not signed. I told him I would take it and look over it. This occurred on Friday night and on the following Tuesday I made an appointment to see him at his office. I told him that I thought he was giving me more information than he had anticipated and he had better take it back. He took it back and blotted out the "private." I then said, "How about signing it?" He then wrote and signed the following note:

Dear Mr. Motherwell:

I trust the attached memorandum will be useful and helpful.

H. H. Stevens.

I am trying to make it that now. I shall read only extracts as I have not the time to read it all. However, I will put it on Hansard if hon. members desire. When hon. members hear this synopsis I think they will realize what the original report was like. This reads in part:

In 1931 Mr. Marler visited Canada and interviewed the Minister of Trade and Commerce and various Canadian producers and exporters of products saleable in the far east. On his return to Tokyo, he commenced an analysis of Canadian trade with the far east in an attempt to discover the fundamental causes of the lack of progress of Canadian trade with these markets.

As a result of these studies, Mr. Marler drafted a plan to coordinate trade promotion work in the far east. This provided for the concentration of effort on a few major products, such as wheat and flour, which it was known Canada could export successfully. Believing that the chief difficulty in the way of expanding trade in wheat and flour lay in Canada, Mr. Marler recommended that a commission composed of representatives of grain exporters, flour millers, dominion government departments and the governments of the western provinces should be sent to the far east to investigate the whole situation.

Nothing was done. Instead the government agreed to the views expressed by the grain exchange and the Canadian millers' association. The summary continues:

Mr. Marler again urged the desirability of sending a commission to study the wheat and flour situation in the far east; failing that, an expert flour representative and a thoroughly qualified representative of one of the government departments should be sent.

Again nothing was done. The summary continues:

The difficulty here arose that the trades concerned did not view with favour the proposal to send a commission to the far east to investigate the possibilities for the sale of Canadian wheat and flour. They also did not agree with many of the views put forward by Mr. Marler.

What is the use of Canada having a representative in Japan if every Tom, Dick and Harry can stand up and say to the government, "I do not want Mr. Marler to do this or that?" And again:

The last mentioned point would depend largely on the stimulation of the demand for high grade flour, so that the Minister of Trade and Commerce endeavoured to explore the possibility of finding a suitable flour expert who could be sent to the far east to undertake the task outlined. On consulting the industry, however, little support was forthcoming for this proposal, both the grain trade and the mills considering that through the medium of their representatives they already have a complete knowledge of the situation in the far east.

I always knew this government was pretty close to the grain trade and the milling industry of this country, but it did not do any kindness to the mills by making them pay so much for their wheat that they were brought to the point of bankruptcy. However, the government took their advice instead of that of Sir Herbert Marler, who we all know is well qualified to discuss and advise on market conditions in China and Japan. These markets have been disappearing year after year. This government, with its recent wheat-hoarding policy has about come to the end of its tether. There is an accumulation of 225 million bushels of unsold stabilized wheat and the Prime Minister tried to carry the secrecy on this account a little further when he would

not at first give us the sales figure for 1934-35. He finally did give us the estimated percentage, but I have them officially up to May 1, at 132 million bushels.

Some hon. MEMBERS: Order.

Mr. MOTHERWELL: Even if we shipped 40 million bushels more this grain year it will only make 162 million bushels, very much less than the year before, and that in the face of so much crop disaster last year. Mr. McFarland has had the bull by the tail now for nearly five years and he apparently cannot either let go or carry on; hence this belated bill.

Mr. W. J. LOUCKS (Rosetown): Mr. Speaker, I had not intended to take part in this debate but I finally decided to say a few words. Before I start I want to compliment the Prime Minister (Mr. Bennett) upon the bill now before us, and when I say that I think I voice the views of the wheat growers in my province and more particularly in my constituency. I cannot understand the argument of the former Minister of Agriculture (Mr. Motherwell), nor can I understand the arguments of other hon. members who are growing wheat in my province. Reference was made this afternoon to the wheat pool, and I think I am right when I say—the former Minister of Agriculture can correct me if I am wrong—that he was in favour of the wheat pool. I believe the hon. member for South Battleford (Mr. Vallance) was also in favour of this pool. I think they will agree with me when I say that the object in the first place was the orderly marketing of wheat. I will not go back to conditions as they existed prior to the time we organized the pools, but I can remember very well that the wheat growers sent down a deputation —in fact more than one deputation—when hon. gentlemen now in opposition were in power, about the year 1922, asking them to reinstate the wheat board. And I can infer from the fact that they did not do so that the farmers of western Canada found it necessary to organize the pools. We were very anxious to have the old board reinstated because we felt that it was to the advantage of the farmers to have this done, and when it was not done it was decided to organize the pools. Hon. gentlemen who are now criticizing this bill so severely should bear in mind that they refused to give us the wheat board, and therefore there was nothing for us to do but to organize the pools. I believe that Alberta took that step in 1923 and we followed in 1924. We went into that business for the express purpose of having the grain marketed in an orderly way; that was the object in organizing the pools. I challenge hon. gentlemen opposite to say that the policy of the government in the last three or four years, or under Mr. McFarland, if you will, has not been for that same purpose, namely, to provide orderly marketing. What else is it? It amazes me to hear hon. gentlemen advocating the dumping of our wheat on the markets of the world, to the extent that they have suggested to-day. I do not wonder so much when I hear that proposal coming from the hon. gentleman who has been acting as critic for the opposition, because he is a lawyer; but I am surprised to hear farmers from western Canada advocating it. They know very well that round about 1923 or 1924 we found it absolutely necessary to take the action we did then, and I am borne out in this by what the Prime Minister said yesterday. When wheat production began to go up, increasing to hundreds of millions of bushels, what else could we have done? I have been thirty years growing wheat in the west and I can remember when our exports amounted to less than one hundred million bushels. But when they got up to three and four hundred million bushels, the farmers of western Canada decided that the time had come for a change of policy so far as the grain exchange was concerned, because they could not save the situation. The volume had increased to such an extent that we were obliged to make our own market, and that is why we went in for orderly marketing.

The hon. member for West Edmonton (Mr. Stewart) this afternoon condemned the wheat pools; this attitude is characteristic of him. But I want to put on Hansard a few figures to show that the pools themselves did not have the carryover which the trade had for a period of four years. The total carryover for 1929 was 127,000,000 bushels, and the pool's proportion of that was 52,000,000 bushels. In other words, the western pools carried forty per cent of the carryover while the trade carried sixty per cent.

Mr. YOUNG: How much did the trade have?

Mr. LOUCKS: The pools had 52,000,000 bushels; that was their proportion of the carryover.

Mr. YOUNG: And the trade?

Mr. LOUCKS: The trade had the rest of it. At any rate, the percentage carried by the pools was 40—40·9, to be exact. For the four years from 1926 to 1929, inclusive, the total of deliveries was 755,719,373, the proportion for which the pools were responsible being 51·9 per cent. The total carryover for the four

years was 402,000,000 bushels, the carryover by the pools being 170,000,000 bushels or 42·3 per cent. The hon. gentleman, however, still contends that the pools were the guilty parties with respect to the carryover. I cannot understand why he should take this view when, as I say, the pools were responsible for forty per cent only of the carryover in the last four years. In other words, they sold wheat whenever they got an opportunity.

I have known the ex-Minister of Agriculture for years and I have great respect for him. He is well qualified to discuss a subject such as this and he took his full forty minutes; I am sure he could have used another forty minutes if he had been allowed to do so. But surely, knowing conditions in the west as he knows them—and having been once Minister of Agriculture, he knows them probably better than most other hon. gentlemen—he must realize that his attitude to-night is unjustified in suggesting that we should have dumped the wheat on the market.

Mr. MOTHERWELL: I did not say anything of the kind.

Mr. LOUCKS: Well, I took it that his policy was that the wheat should have been dumped on the market instead of there being a carryover of 200,000,000 bushels.

Mr. MOTHERWELL: I never said anything about dumping it on the market.

Mr. LOUCKS: How would you have got rid of it? I call it dumping; perhaps that is not the right term to use, but that is what we call it.

Mr. MOTHERWELL: I showed the hon. gentleman what the Argentine did.

Mr. LOUCKS: Since he has mentioned the Argentine, may I point out that he did not give us any statistics as to their exports. I challenge him or any other member to deny that our exports in the last four years have been greater than those of the Argentine. We exported some 400,000,000 bushels, and what did they export? About 100,000,000.

Mr. MOTHERWELL: May I ask the hon. gentleman a question? Is there anything in this bill about stabilization?

Mr. LOUCKS: My contention is that we have shipped more than the Argentine. But there is another consideration that enters into this discussion, and it is something which my hon. friends do not realize. The Argentine is situated very differently from western Canada. They have no storage facilities there, and no matter what they get for their wheat it has to go out on the market. The ex-Minister of Agriculture knows that. I wonder how hon. gentlemen opposite feel about taking the premium on wheat, called a bonus. I imagine my hon. friend from South Battleford (Mr. Vallance) has taken his share of it in the last four years. Well, why condemn the government that made it possible? If I were as conscience-stricken as apparently hon. gentlemen are, I would give it back to the government. That is what they should do, but they took it just the same. With the five cent bonus, I know that my hon. friend from South Battleford got more than I did, because they had a better crop up there that year. There is no doubt that we are faced with a surplus; we all admit it. But I ask hon. gentlemen this question: What would have been the situation if the government had not taken such action as it has? We know what our experience in 1932 was. I had to take thirty cents a bushel for my wheat. I am going to ask this question now: If the government had not stepped in last October, what would have happened to the farmers of western Canada? I said a few minutes ago: Our conception was that we farmers ourselves made the bear market. Not only our own farmers from western Canada but people from foreign countries were selling wheat in the Winnipeg market, and I make the statement that we would have been taking thirty cents and less a bushel had a pegged price not been put on our wheat last fall. Every hon. member knows that. I well remember that in 1932 I fertilized 700 acres of wheat, and what did I get for my wheat? I hardly averaged thirty cents a bushel and I took a loss of $2,000 on my operations.

But what happened as a result of the action taken by the government last fall? Unfortunately for us, in our particular district we did not have much wheat, but those who had, realized sixty cents instead of thirty cents a bushel, and that was because there was a pegged price last fall; that was what saved the situation. Nobody can deny that and nobody is going to deny it, because that is the fact. Nobody can say where the price of wheat might have gone had the government not taken the action it did because, as I have already said, not only our own farmers but people from foreign countries were selling short on the grain exchange. I believe that in less than ten days we would have been taking much less than thirty cents a bushel for our wheat had the government not done what it did.

When I hear hon. members who follow the same occupation as I do, that of farming, ridiculing the government for the stand it

took in protecting us in the way it did, I cannot understand it. I must say that this is very cheap politics on their part; that is all it is. The ex-Minister of Agriculture can laugh all he likes, but knowing as I do the farmers of western Canada, I never want to adopt the position where I have to play cheap politics. The government has stood behind western Canada during the last few years; it has saved the farmers of the west if there is any such thing as saving us so far as wheat is concerned. I was surprised at the reply that came from the financial critic of the opposition, the hon. member for Shelburne-Yarmouth (Mr. Ralston), but I have been more surprised this afternoon and to-night to hear hon. members from Saskatchewan taking practically the same attitude as he did and saying, if they had been the government, what they would have done in connection with getting our wheat on to the market. If they were to carry out what they have been saying this afternoon and to-night, the situation would have been the same as in 1932; we would be taking around thirty cents a bushel for our wheat, and I speak from experience as a farmer when I make that statement.

Let me draw attention to another matter. The government has been accused of subsidizing the farmers. How much has the government been subsidizing the farmers since last October? Has wheat come down to the pegged price of seventy-five cents a bushel? No; it has been selling at above that figure, and I challenge any hon. member to say that the government has subsidized the wheat growers.

Mr. HANBURY: Who paid for that?

Mr. LOUCKS: The European buyers paid for that, and they have been glad to pay us eighty and eighty-two cents a bushel; that is what we are getting for our wheat now.

Let me give another quotation. Mr. McFarland has been quoted here to-night from speeches made in several places. What did he say? He said that a certain gentleman representing a great milling firm in Great Britain came to Canada for the purpose of buying 10,000,000 bushels of wheat not through the grain exchange but through him as agent for the pools. Mr. McFarland asked him what he was willing to pay. What was the quotation? If my memory serves me aright, the quotation was forty-five cents a bushel.

An hon. MEMBER: Forty cents.

Mr. LOUCKS: Perhaps I am wrong. An hon. member says forty cents. My recollection is forty-five cents for 10,000,000 bushels. What was Mr. McFarland's reply? He said: "Have you no bowels of compassion for the farmers of western Canada when you offer that price?" I am quoting Fort William prices, not those on the farm. Does that not show at what price the millers of Great Britain or any other country—and I would not exclude the Canadian millers—would take our wheat from us? Then, because the government pegged the price for us and said to those people: You cannot have this wheat for less than seventy-five cents a bushel, I hear this ridicule coming from hon. members to the left of the Speaker. I say shame! Is it any wonder that as a member of this house I say that this is cheap party politics? What else can it be? It is not in the interests of the wheat growers when an hon. member will ridicule a government because it has made it possible for us to get seventy-five, eighty and eighty-two cents a bushel for our wheat, when it is well known that otherwise we would not have got more than thirty for it.

Let us take the case of wheat at forty-five cents if you like. I believe an hon. member said that that is more than the price quoted, but let us take it at forty-five cents. What does that mean? It costs twenty-two cents a hundred pounds from my station to the terminal elevator, three-quarters of a cent for handling charges, one cent to put it through the exchange; or in other words it means scarcely thirty cents a bushel to me for that wheat. Do you think for a minute if I, a grower of wheat, were sitting to the left of the Speaker, I would rise in my place and ridicule the policy of the government, knowing it has made it possible for me to get more than sixty cents for my wheat? I would gladly sit over there, take my medicine, and say yes to the policy of the government. I do not take much stock of that sort of thing from professional men and others of that class, but when actual farmers begin to ridicule the government, that is more than I can understand.

I can well remember when we got the idea we were going to organize a wheat pool. The hon. member for South Battleford I think was with me one hundred per cent in putting that over. He can contradict me if he likes, but I do not think he will. We went out together to try to have the situation and to bring about an orderly market for the farmer.

Mr. HANBURY: Why did you not do it?

Mr. LOUCKS: We did do it. I gave the figures to show how much better we did than the trade did. Our carryover was about forty

per cent while that of the trade was about sixty per cent. We carried out our plan. What happened to us? Who were the ones who were fighting us? The big interests were the ones who were fighting us. We knew what we were up against; we knew we were up against the grain exchange, the big interests, and I want to say to-night that the government is up against the same thing. When I hear some hon. members saying that the Prime Minister (Mr. Bennett) is for the big interests, I want to ask the house to-night: Who is he up against now if it is not the big interests, the big milling companies and so forth when he is taking the stand he is for the farmers of western Canada?

Mr VALLANCE: He is up against the wall.

Mr. LOUCKS: No he is not. I would like to see the ex-Minister of Agriculture making before the Rosetown farmers a speech like the one he made here to-night; he would not have a chance to stay in my constituency very long. Every move that has been made along these lines has been opposed by hon. members opposite. It was the same with the marketing bill. I admit we were defeated with our egg and poultry pool, but what did I find when I went home? Some of the men who voted against it were selling their eggs at eight cents a dozen at Easter. Who were the chief opponents? I suppose the packing houses at Montreal, and now they will get the eggs and sell them later on at about forty cents. If hon. members opposite, more particularly those from the prairies, think that the farmers of western Canada are going to endorse the attitude they take in connection with this grain bill, I say they are missing their guess. Why do I say that? In my own constituency we voted eighty-eight per cent for the marketing scheme in connection with our eggs and poultry so I think that the cooperative spirit is still there.

Then we have hon. members objecting that this is compulsion, and oh, what a terrible thing! When we put over the wheat pool, what did we do as farmers? We were not forced to so so but we signed a contract penalizing ourselves twenty-five cents a bushel for breach of the agreement, because we knew that some would be foolish enough to bootleg wheat. If we were satisfied with the grain exchange, why would eighty per cent of the farmers sign a contract with the pool which carried a penalty of twenty-five cents a bushel? We knew the condition and we were willing to do it. Yet we hear hon. members saying that this is compulsion and an awful thing. The farmers were told this poultry scheme was compulsion—Don't be forced into anything." Well, I do not know how they feel now, when they are taking around eight cents a dozen for their eggs.

An hon. MEMBER: They are lucky.

Mr. LOUCKS: Who said lucky? Imagine a farmer saying they are lucky to be getting eight cents a dozen for eggs.

Mr. YOUNG: I did not say anything.

Mr. LOUCKS: The hon. member is more concerned with politics than with the plight of the poor farmers.

Mr. YOUNG: I told my hon. friend I did not say anything.

Mr. LOUCKS: They were told it was compulsion, that they must not do it with eggs, and now they have learned their lesson; when it comes to signing up again you will see a different attitude as far as our part of the country is concerned. The day after I reached Saskatoon during the recess my wife said to me: "I sold a crate of eggs at eight cents a dozen. They were quoted in the stores in Saskatoon at two dozen for thirty-five cents or eighteen cents a dozen straight." Is that justice to the farmer, I ask my hon. friend from Weyburn (Mr. Young), who said "lucky"?

Mr. YOUNG: Mr. Speaker, may I tell my hon. friend—

An hon. MEMBER: You have got him on toast.

Mr. YOUNG: Once more I would like to tell my hon. friend that I did not make that remark.

Mr. LOUCKS: Well, I am glad the hon. member did not say that; however someone over there said it. But that is the story. Then when there is a measure brought in to deal with the problem, the great argument is: It is compulsion for a small minority. Let me say, with all respect for farmers—for I have been one all my life and I know them—that the farmers are their own cutthroats and always have been, and it appears to me now that the argument and policy of the opposition is that they must continue to be cutthroats for another generation. What do I mean by cutthroats? I mean one farmer competing against the other, and that has been going on all my life and I am over sixty. When we have a government with vision who bring in reform measures and say: "We can take care of this thing and make conditions such that you will not be cut-

throats any longer," what do we hear from the opposition? Oh, that compulsion again! I know who said that when we wanted a one hundred per cent wheat pool. I know that the grain exchange was very active in warning the farmers. The attitude of the opposition is just about the same. Quite a number from the grain exchange are down here at the present time; they are worrying, and no wonder. In Winnipeg walking about the streets I see their homes and I know we have not got such homes as some of these fellows have who have been buying our wheat the last number of years. I wonder if hon. members realize that it matters not as far as the exchange is concerned what wheat sells for. Twenty cent wheat is just as good to them as wheat at fifty or eighty cents; they get the same commission—volume is what counts with them. But that does not help the poor farmer. So I say there is only one hope for western Canada, and that is the action that is being taken by this government at this time.

The ex-Minister of Agriculture (Mr. Motherwell) said that the Prime Minister must have known that Mr. McFarland was going to be ill. Then he attempted to make something out of the statistics not having been brought down long ago giving the number of bushels of carryover, and I suppose he wanted the dollars and cents as well. Well, my memory tells me that he was one of the members of the committee when Mr. McFarland was here and I think he was one of those who said that if it was going to be dangerous to the interests of the farmers to divulge it, by all means do not do so. I congratulate him on that. But he has changed his attitude, and so has the hon. member for South Battleford (Mr. Vallance). There is an election coming on, so it does not matter whether it is injurious to the farmers. Is that the attitude now?

Mr. VALLANCE: Sure.

Mr. LOUCKS: Cheap politics again, that is all I can say. There is an election coming on, so we must know just how much money is involved in this, whether it ruins the farmers or not.

Mr. VALLANCE: It will ruin this government.

Mr. LOUCKS: I am glad to say this bill will go over, and when it gets in committee, as has been said by some hon. members of the opposition, we shall have a further chance to discuss it. I am well pleased with the bill and I am here to support it.

Mr. G. G. COOTE (Macleod): The bill now before the house to establish a grain board is a measure which I think a majority of the farmers of western Canada have looked forward to for a number of years. Wheat has now become distinctly a national problem, and I do not think it can be dealt with effectively except through a national agency. In fact wheat is not only a national problem, it is an international problem. Most of the nations of the world have gathered together in conference several times in recent years to discuss it. It may be these conferences have not been successful, but the very fact that all these countries thought it necessary to hold such conferences and take part in them should impress upon us the gravity of the problem.

No country in the world is more concerned in the wheat problem than Canada. As the Prime Minister (Mr. Bennett) pointed out yesterday, we have been the largest exporter of wheat in the world. The importance of the industry to Canada was so well stated by the Prime Minister yesterday that there is no necessity for me to do more than mention it. Wheat is not only a national problem but the wheat problem has now become a national responsibility. I should like to take a few minutes to try to prove that fact to the house. I say it is a national responsibility, first because of the national immigration policy which has been in force in Canada from 1896 until 1913, with the exception of the war period. The policy has been to bring as many farmers as possible to Canada, to settle them on the western prairies and to push the wheat acreage as far north as possible. In the period between 1922 and 1929, particularly, the organized farmers of western Canada protested against this policy, and I remember that in 1923 I stated in this house that the greatest danger facing western Canada was that of overproduction, or producing more than we could sell at a profit. I remember being questioned in the lobby by one of the Conservative members, and being asked whether or not I was sincere in that statement. He thought I was only talking for political effect, and when I assured him I was sincere he simply laughed and said, "You're crazy." The time seems to have arrived when we have produced more than we can sell at a profit. As a matter of fact that time arrived a few years ago. Between pre-war years and 1933 the wheat acreage in Canada increased by 161 per cent. We had a percentage of increase in wheat acreage greater than that of any other country. Surely the nation cannot

disclaim responsibility for this; it was a direct result of government policy. There was the policy of immigration coupled with that of the development of new wheats so that the wheat acreage could be pushed farther north.

I remember a few years ago the former Minister of Agriculture (Mr. Motherwell), who preceded me to-night with an excellent speech, stated he looked forward to the time when Canada would produce a billion bushels of wheat.

Mr. MOTHERWELL: I think not.

Mr. COOTE: I believe the statement is in Hansard. However if the hon. member states he did not make it I shall withdraw my observation.

Mr. MOTHERWELL: It has been made by others.

Mr. COOTE: The statement has been made, anyway. The extension of the wheat area and the increase in acreage was responsible for the increased volume of production, and that was the outcome of a distinctly national policy.

The present problem of the farmer is one of price, and to some extent at least price is the result of another national policy. I now refer to the problem of the exchange value of Canadian money, a point which I believe was raised this evening by the hon. member for Melville (Mr. Motherwell). Our chief competitors, as is well known, are the Argentine and Australia. Our difficulty in connection with the price of wheat has arisen in the last five years. Prior to that time we did not have much difficulty, with the exception of some odd years, in obtaining a fair price. The internal price, namely, the price to the producers in Canada, during most of the time—perhaps not during the last year—has been lower than the price paid to our competitors in their own countries and in their own currency. The internal price to our producers is dependent largely on the amount of Canadian funds we have been able to secure for foreign funds for which our wheat was eventually sold. Late in the year 1929, by government action, the Argentine abandoned the gold standard and devalued or depreciated their currency, thereby raising to the Argentine producer the price of wheat as expressed in paper pesos. Their internal currency is the currency in which their debts are expressed, and the currency with which they buy their requirements in the Argentine. In January, 1930, about a year later, Australia abandoned gold redemption and devalued her currency in the same way. The fact is that it depreciated very rapidly. For the past five years the pound sterling has been at a premium of twenty-five to thirty per cent in Australia; most of the time I believe it has stood at twenty-five per cent. Hon. members will recall that in the fall of 1932, when wheat was at its lowest point in Canada, the pound sterling in Canada was worth about $3.70 to $3.75. At the same time the pound sterling was at a premium of twenty-five per cent or was worth approximately $6 in Australia. At that time the Australian competitor had a sixty per cent exchange advantage over the Canadian producer. Had our currency then been at par with Australian wheat, on the worst day in 1932, instead of being worth 38½ cents I believe our wheat would have been worth at least 60 cents Fort William, in Canadian currency. That would have happened without any change in the world gold price for wheat.

I have not the figures to indicate the exact exchange situation in the Argentine at that particular time, but since January, 1930, their currency has been at least as low as and sometimes lower than it has been in Australia. At the moment I am not placing the blame for this policy on any persons. It is sufficient for my purpose to state that on many occasions hon. members in this corner of the chamber have urged that our currency be brought down to the level of Australian currency. On those occasions we received very little support from either the government or the opposition. In the fall of 1932 the opposition did support us in a proposal that the pound sterling be brought up to a parity in Canada. With that exception however I cannot remember having received any support from either side of the house, nor did we receive any from the financial authorities in Canada, namely, the heads of banks and other large financial institutions.

The point I wish to make clear is that it was the national policy of Canada to keep our currency at a high value in New York, and keeping our currency at that high value had the effect of forcing down the value of the British pound in terms of Canadian currency until, as I have said, in the fall of 1932 it was at one time as low as $3.70. That was the result of a national policy. I have indicated that by our policies of immigration, the development of wheat areas in western Canada and our stand on monetary matters we have in the last few years created a problem for the wheat grower. I believe the

nation must assume the responsibility for dealing with it.

Most of the increase in wheat prices we have at the present time is due to the depreciation of the pound sterling in terms of gold, coupled with the fall of our dollar to the level of the pound. This latter factor, namely the fall of our dollar, was due to a change in the money policy of the United States. I should like again to emphasize the point that we should take whatever action is necessary to give the farmer a reasonable price for his wheat, and that the nation should assume whatever financial risk may be involved in meeting the problem. For the benefit of the house may I point out that the agitation for a wheat board in western Canada has gone on for many years, dating back to the wheat board which operated during the last year of the war. In 1922 or 1923 legislation passed this chamber to establish a wheat board, but the action was taken very late in the season and as we were told it was found impossible to get proper management the matter was allowed to drop. As long as I have been in western Canada there has been a feeling that the selling of our wheat on the grain exchange was not the best method of disposing of it. I believe in response to feeling which had developed in western Canada, in 1931 the so-called stamp commission was appointed to inquire into the question of selling our wheat on the grain exchange. The report indicated an approval of the present system, but inside of eighteen months the system had absolutely broken down and wheat reached its lowest level of 38½ cents. Not long after the Stamp commission had reported, Mr. Richardson of the Winnipeg grain exchange was before our agriculture committee advocating that the government should support the market. The government has been supporting the market for the last few years, and experience has proven that it is very difficult and expensive. We have not only had to support the legitimate hedges of the elevator companies to cover deliveries at country elevators, but we have also had to protect the market against the short selling of millions of bushels of futures. We understand this short selling came from the United States, and dear knows where else. We do not really know where it all came from, but I have heard that in one day alone orders for as much as ten million bushels of short sales came on the Winnipeg market and had to be taken care of or the market would have broken, and many farmers would have had to let their wheat go at a very low price indeed. There were at all times speculators who were willing to break the market if they thought they could do it, but the speculator that we depended upon to support the hedges seems to have disappeared. As one man in western Canada said to me, he has become almost as extinct as the dinosaur, and because there is no speculative interest to take up these hedges I feel that it is imperative that a wheat board should be set up.

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It seems to me that under the old system it was no one's particular business to sell our wheat. We always seemed to take it for granted that Canadian wheat would sell itself. I have been told that the grain trade looked after that. The grain trade are largely interested in the elevator business; so long as their elevators were filled with wheat they were sure of storage charges, and I never could believe that they were desperately keen to get all this wheat sold and shipped out because once the wheat was shipped out the storage charges, and of course their earnings, would cease.

I repeat, I am in favour of this bill to establish a grain board, but I would also like to make it clear to the house that the board must have the financial assistance from the nation which will enable it to pay a fair price to the producer even if it has to sell the wheat to the world at a lower price. I believe that in the national sense it would pay us to guarantee to our producers a price covering the cost of production and to sell the wheat at the best price we can obtain. In this connection I would like to draw the attention of the members to the example that has been set by the Argentine. I quote from the Monthly Commercial Letter issued by the Canadian Bank of Commerce for the month of May, 1935. With reference to the operations of the Argentine grain board it says:

> In November, 1933, the Argentine government set up a grain marketing board to assist producers. Its chief functions were to set a basic price for wheat, flaxsed and corn, to purchase such grain at the fixed price and to sell it for export only at the prevailing world price. As the world price was lower than the basic price the government would have had to absorb a possible heavy loss. This difficulty was overcome, with the cooperation of the exchange control board, by lowering the rate at which the peso was pegged (it was already at a discount of about 40 per cent below its gold parity) and utilizing the resulting exchange profits to cover any loss on the grain board's operations. The board calculated at the outset that it might incur a loss of fifty million pesos, which would have to be recovered from exchange profits. A rise in prices consequent on the drought last year in the United States, however, reduced the subsidy per bushel to a relatively small sum, and to the end of September, 1934, a substantial net profit was realized on the whole operation, which it was

planned to use in financing the next season's crops. It is important to note that the board claims that in buying grain as it was offered, and regulating its sales to demand, it avoided breaking the world market with abrupt offerings of Argentine grain.

Apart from the success which it achieved in disposing of all but a very small carryover of the large 1933-34 crop at a price satisfactory to growers and at no loss to itself, the grain board has undertaken to mitigate, and hopes eventually to remove, the two disabilities under which the Argentine grain trade is still operating, namely, the production of a large volume of certain varieties of wheat not readily acceptable by importers, and lack of elevator and storage space.

I would like to commend this method of financing the operations of the board to the study of the committee which I understand is to consider this grain board bill. I also wish to quote the concluding paragraph of the Monthly Letter of the Canadian Bank of Commerce dealing with the Argentine's method of handling wheat. It says:

> We can no longer blind ourselves to the intensity of the competition Canadian wheat is meeting from Argentine, nor can we dismiss it as a temporary phenomenon. Argentina is now the world's leading exporter of grains, and is making every effort to consolidate her position. She has met and overcome difficulties just as great as those with which Canada now contends, and provides an example of enterprise and resolution in dealing with them.

In conclusion, I hope that we may show the same enterprise and resolution in dealing with the problem of marketing Canada's wheat. I trust that when this bill goes to the committee which I understand is to consider it, it will be dealt with expeditiously and thoroughly and that a plan may be evolved under which the Canadian producer may be guaranteed at least the cost of production for his crop, and that the very best possible methods may be provided for the sale of our wheat to all the buyers we can find anywhere in the world.

Mr. T. F. DONNELLY (Willow Bunch): Mr. Speaker, I have taken a great deal of interest in this bill ever since it was introduced because I have been growing wheat in Canada for the last thirty years, and of necessity anything in connection with wheat is of great interest to me. As I sat here and listened to different members talking about wheat my mind went back to 1930, to the time of the election, and I thought of the way Conservative speakers throughout the country spoke on every platform at that time and told us of the wonderful prices we were going to get for agricultural products of all kinds if they were elected. Butter, why that was spread over every platform. Wheat, why it was then at one dollar a bushel, and we were told that we were going to get $1.50 a bushel at least. We were told that just as soon as the Conservative party got into power the price of wheat was going to rise in ten days by ten cents a bushel at least. But no sooner had the Conservative party got into power than wheat began to go down, and it went down and down until we thought it would never stop.

As I listened to the Prime Minister (Mr. Bennett) yesterday I thought of what was said on almost every platform in 1930 in connection with wheat. Quoting the Liberal Minister of Trade and Commerce, Conservative speakers said:

> The Department of Trade and Commerce is not exercised over the sale of such commodities as wheat because those commodities find their own markets.

That was the statement made by the Liberal Minister of Trade and Commerce in those days, and it was repeated from practically every platform in western Canada. Now in those days we never thought of finding a market for our wheat. As my hon. friend from Macleod (Mr. Coote) has just said, we believed in those days that wheat would find its own market all over the world. And it was finding its market. I would ask the Prime Minister now what he would have done at that time when we had a carryover of only 127,000,000 bushels, which was nothing at all compared with the carryover we have had for the last four years? Would he have recommended that the government take it over and sell it? He would not have recommended anything of the kind. They used that as a sort of argument to throw up as a screen. Every step taken by this government in connection with wheat has been a mistake. They have made one error after another and there is not one move they have made in connection with wheat which has been right. Shortly after the Prime Minister was elected he went over to London. He returned and came out to Regina and the word went over the western prairies that the Prime Minister had a story to tell us. The Premier of Saskatchewan sat on the platform with him to introduce him to his audience, and the rest of us were listening at our radios to hear his message. What did he tell us? He told us he had a market in France, but where is that market? I am surprised that there is such a carryover. What has become of the market he claimed he had found? We do not hear anything about that market now. Have we lost it? Then he told us that at that moment the ambassador to Japan was on his way to China to find a market for our wheat in that country. Where has that market gone to? Apparently

the Chinaman has gone back to eating rice altogether. These are some of the things this government has done.

What next? What happened after those faux pas? He then started the five cent wheat bonus. As the hon. member for Melville (Mr. Motherwell) has said, the Prime Minister was first going to pay this bonus on export wheat; then it was to be paid on the freight on wheat; then he brought the grain commissioner to Ottawa to talk things over and he decided to pay it to the growers of wheat when they brought in their wheat for sale. What did that mean? It meant that the man who had wheat received a bonus of five cents per bushel while the man who had none had to pay more for his flour and bread. We in the southern part of the province got nothing; we did not get one of the nickels he was talking about. The man who had the wheat got more while the man who had no wheat got less, even that which he had was taken away. The man who was hailed out, the man who was frozen out, the man who was dried out and the man who was eaten out by the grasshoppers got nothing, but the man who had a crop received five cents a bushel. This was done to stimulate production and urge the farmers to grow more wheat. That was a mistake.

What was the next thing? The next thing was to bring a man over here to look into the grain trade. Something was wrong with that trade and it had to be straightened out. Sir Josiah Stamp was brought over and he stamped everything. He told us the grain exchange was all right and that it should be kept up as a means of marketing our wheat. Now the Prime Minister turns around and presents a bill to do away with the exchange. Did you ever see such a series of contradictions? One thing right after another. Sir Josiah Stamp said that we needed the grain exchange; the Prime Minister brings a great economist over here to tell him that and then he turns around and says we do not need it and he presents a bill in order to do away with it. The government is going out of power and they will not be here to see this bill put into effect. The government will be lucky to be the official opposition after the next election. They know that they will not be here to see that this bill is carried out and so they are going to put it through.

What next did they do? The next thing was the Ottawa agreements. We were told that these would settle all our difficulties, that we would get into the English market without having to pay any duty on our wheat while the Argentine and other countries outside the empire would have to pay six cents a bushel. I can still hear the Prime Minister telling us about these agreements. He told us that there would be two ships lying side by side at the quay of one of the ports of old England, one from Canada and the other from some other country. The wheat in the ship from Canada would go in free while the other ship would not be permitted to unload its wheat until it had paid six cents a bushel. One would have imagined that all the wheat consumed in England would be going there from Canada and Australia, but what do we find? In 1932 the Argentine sold 19·5 million bushels of wheat; in 1933 they sold 21·9 million bushels and in 1934 they sold 34·2 million bushels. In two years there was a gain of 15 million bushels. What about Canada? Perhaps I had better give these figures under my breath. In 1932 we sold 44·4 million bushels of wheat to England; in 1933 we sold only 40·6 million bushels and in 1934 only 34·7 million bushels. Our sales have dropped 10 million bushels. We were given an advantage of six cents a bushel; this was a sheltered market which was going to solve all the difficulties of the wheat growers of western Canada.

Then when they saw that that was not going to work, they went to Rome to try to reach an agreement. They consulted with France but France replied that she was willing to reduce her duties and her restrictions against our wheat if we told her what we would buy from her. Was any one sent from here to try and make an agreement with France whereby we would take something in exchange for our wheat? No; nothing was done.

They then adjourned to London and a lawyer was sent from the prairies to sell our wheat. He went over there with all expenses paid and then we were told that the only thing to do was to put on a quota. We were told we would have to cut down our acreage as we were growing too much wheat. Can you imagine going down into the southern part of Saskatchewan where they have not had a crop for six years and telling the farmers they are growing too much wheat? The former Minister of Justice (Mr. Lapointe) made reference to the program of recovery in the United States under the NRA and its system of codes. Instead of a blue eagle he suggested to the government that they should adopt the grasshopper as their emblem. The grasshopper will cut down the acreage and get rid of a lot of wheat. The drought and the hail will get rid of a lot of wheat.

No one kept these quotas, and in fact our government loaned part of our quota to the Argentine. We are wondering when we will get that back. It is all just a farce because no one is adhering to the quota. This is just something else put through in an effort to deceive the farmer. The party opposite have done nothing else but try to deceive the farmers in one way or another ever since they got into power, and even before. That is the way they got in and that is the way they are going to slide out; make no mistake about that.

Now, having done all these things and having done them all wrong, and having made mistakes in everything, they said, "The thing to do is to stabilize the price; you have to get a man there." And so they put in this man McFarland to stabilize the price. In season and out of season for the last four years, both in the committee and in the house, I have tried to find out something of their activities, but I have not been able to discover anything. The first bit of information which we got was given us the other night by the Prime Minister, namely, that we have 200,000,000 or 225,000,000 of a carryover, held by Mr. John I. McFarland for Cooperative Wheat Producers, Limited. But what it has or has not cost the country we do not know.

I have said before, and I say again tonight, that this government is gambling in wheat. That is denied. When they buy futures, that is not gambling—oh, no; that is only supporting the market. But when I buy futures, or when anyone else buys futures, it is gambling, it is speculating. Listen to this from the former Minister of Trade and Commerce (Mr. Stevens), who talks so glibly about trade ethics and all that kind of thing:

> The hon. member who took his seat a few minutes ago said that this government was guilty of gambling in wheat, and that we had lost $30,000,000. No statement could have been further from the fact than that. This government is not either directly or indirectly gambling in wheat.

Note that—not either directly or indirectly gambling in wheat; yet we have 225,000,000 bushels.

An hon. MEMBER: What is the date?

Mr. DONNELLY: This is from Hansard of February 13, 1934. He goes on:

> The hon. member for Melville made the same statement the other night. What this government has done is this. It has supported Mr. McFarland, who was chosen as their manager by the pool selling agency for the three western pools. The government has stood behind that selling agency, controlled by Mr. McFarland, in taking care of wheat futures on the Winnipeg market. What does that mean?... Anybody who knows anything about business knows that if a government were to disclose its hand day by day in regard to these things, it would have ruined the wheat market.

He does not mean the wheat market; he means the government. And surely it would ruin the government, because if they told the public that they were gambling in wheat, they know what the result would be. And what do we find on top of that? The hon. member for Shelburne-Yarmouth (Mr. Ralston), discussing this question the other night, told us that in that year 1933 Mr. McFarland sold something like 20,000,000 or 30,000,000 bushels, and it was being sold then in the neighbourhood of 80 or 90 cents. Later on he bought back all the wheat he had sold—I wonder why. The Prime Minister said that the only reason Mr. McFarland bought it back was that prices had not been maintained. Let me quote from Hansard of March 13, 1934, page 1545, what the right hon. gentleman said:

> Prices have not been maintained at a fixed level but rather they were supported, particularly during the season of the year when farmers were, from necessity, forced sellers of their production in order to meet the demands and needs of their creditors.

This was in July, but no farmer was selling his wheat at that time to meet the demands of his creditors; it was not done for that purpose at all. During that year we sold 372,000,000 bushels—that is, in October for the crop year 1932-33—and the average price for the eleven months was 51⅞ cents. That was the average for the eleven months beginning the first of August, 1932, to the first of July, 1933. We had sold 359,000,000 bushels at an average price of 51⅞ cents, and then during the month of July the price went up and it averaged 83 cents a bushel. And that was the very time, when the price went up, that Mr. McFarland stepped in and sold. It went as high as 94 cents, and when he saw it coming down again he bought back the 20,000,000 bushels he had sold. Why? Was that gambling? Of course it was. He thought it would go up to $1; that was rumoured all over the country. He was buying, thinking he would get an extra price; but the 20,000,000 bushels he had sold he bought back. He bought back every bushel he sold, and all the wheat that came in from the country during that month of July was 13,000,000 bushels. Why was he doing that? He was doing it for no other purpose than to speculate; he was gambling in wheat. We are told that it was a matter of supporting the market. Well, when you buy anything you are supporting the market; anyone knows that who

has anything to do with wheat. When you are buying you are speculating and you are supporting the market. But the Prime Minister knew that he was doing that; he knew that Mr. McFarland was gambling in wheat. He must have known it because before the banking and commerce committee Mr. McFarland was questioned and he said, as reported at page 236 of the evidence:

Mr. Bennett knew what was being done from time to time; he had the reports. The banks reported to him the position from time to time.

The Prime Minister knew that Mr. McFarland was gambling in wheat; there is no doubt about it. The next point I wish to refer to with regard to this gambling process is this, and it shows how many contradictions there are in the minds of members of the government. One of the things the Prime Minister said was that he would never set a price. I have sat in this house and listened to members opposite condemning the wheat pool just because, as they said, they had lost the market by setting the price higher than it should be. I have listened to member after member discussing the pool and pointing out how they had held the price up. Listen to what the former Minister of Trade and Commerce said, as reported at page 1742 of Hansard of May 14, 1931:

In the fall of 1929-30 a condition arose in Europe which was really an attitude of resentment rightly or wrongly, against the North American continent in regard to wheat. Rightly or wrongly they conceived the idea that to their detriment we were attempting unduly to advance the price of wheat. Hearing that rumour the European buyers turned their purchases in other directions. For instance, the Argentine got a very distinct advantage, and further we found that many of the flour mills in the consuming countries of Europe—Holland, Germany, Belgium, Switzerland, and I think, France—had changed or readjusted their screens so as to mill the Argentine wheat instead of ours. Then this year we found that millers in those countries were very reluctant to change their screens back again.

And use the old screens so that they could use Canadian wheat. The hon. member said at the same time:

In the meantime recognizing that situation we have been doing our best to carry it and to disabuse the minds of the European people of the thought we had any intention of cornering the wheat market.

Referring to nobody but the western pools; that they were the ones that had lost our markets and that they had done wrong in trying to uphold the price. Then the Prime Minister himself, as reported on page 782 of Hansard of April 21, 1931, said this:

Practically one-half of that wheat was held by the pools of the country.

This government got behind those pools and said it would assist the orderly marketing of the wheat crop of western Canada. That assistance and support had, of course, the same effect upon non-pool wheat. That was what the government did. It did not peg the price; no government of which I am the head ever will.

Mr. BENNETT: Hear, hear.

Mr. DONNELLY: Did hon. members hear that "hear, hear"? I wonder what Mr. McFarland has done if he has not pegged the price. The Prime Minister continued:

I have seen artificial prices placed upon commodities and whether that commodity be wheat or anything else, it matters not, I know the inevitable result. It cannot advantageously be done; it will not succeed. It may cause a temporary advantage but that disappears. Look at the situation in the United States to-day. Mr. Legge, with all his vast experience, with all the millions and hundreds of millions of dollars that he had behind him, declared that the principle of artificial price-fixing was unsound, and it has been abandoned. We did not adopt it, so we did have to abandon it.

Speak about contradictions! It has been just one contradiction after another. As regards everything they have attempted to put over, they have turned around, changed their minds and done something else. As the former Minister of Agriculture said, they have stepped into every hole from Vancouver to Halifax; there is no doubt about that. Now they are beginning to take great credit to themselves because they have set the price. The hon. member for Rosetown (Mr. Loucks) spoke of thirty cents a bushel as having been saved. Some of them say that $100,000,000 has been saved to western Canada and some of them have mentioned as high as $200,000,000. By the time of the election it will be up to $500,000,000; it is growing day by day and by leaps and bounds. I say: Go back to western Canada; stand up on the platforms there and ask the farmers to put their hands into their pockets and feel that thirty cents a bushel, that $100,000,000, that $200,000,000, you people have saved for them and you will be sure to get their votes; do not make any mistake about that! In my opinion, if hon. members opposite are depending upon that to get the votes of the western producers, they are depending upon a broken reed, a rotten stick.

Consider what this policy has done for the people of western Canada, especially those in the southern part where I come from. We have had no crop whatever for six years. The government say that they have kept the price up; some hon. members mentioned thirty cents a bushel, and the result has been

that we have lost our markets; we are not selling our wheat. Every other country in the world has sold its wheat, but we are left holding the bag. The Argentine has got rid of all its wheat; Australia has got rid of all hers and so has the United States; we are the only country with any surplus of any account. We are holding the bag. Our people, thanks to Providence, expect to get a crop this year; weather conditions are good and they believe they will have a crop. The only thing this government has done for them in the past is to make them pay more for their seed, more for their flour, more for their feed, because if what my hon. friends opposite say is right—and I presume it is—they have kept the price up. Now our people have around their necks a millstone of 200,000,000 bushels of wheat preventing them from getting a price for their crop when they see one in sight this year. That is a great help to them. Let my hon. friends visit the southern part of Saskatchewan and tell the farmers there these stories as well as the others.

I say this: If you want to keep up the price and to bonus wheat, all well and good. You have bonused all kinds of industries in this country. We do not believe in bonuses; we do not think any industry or any article should be bonused; but if you are going to bonus all the industries, the farming industry should be bonused also. But I say. Sell the wheat; get rid of it; clear out our bins and let us get a world price. When this government goes out of power, as it will as soon as the election comes along, and we put proper policies into effect in this country, the farmers will be able to sell their wheat, but at the present time I believe a board is necessary. A board should have been appointed long ago, one that would tell us from day to day, from week to week or from month to month what is being done. We were not complaining when they were bonusing the farmers, when they were bonusing everything else; we were not condemning the wheat pools or anything else, but we were condemning the way in which the government was acting, this clandestine secret way of doing things, with no one knowing what was being done, and then the government expecting us to support it when no one knew what it was he was supporting. Is it any wonder we want to know now what the government activities are, how much it is out of pocket now, how much this policy is going to cost us? Now the government comes along and brings us this wheat board. What for? To bury the old corpse; that is all; to bury its mistakes in regard to its stabilized wheat policy. The government found itself with 220,000,000 bushels of wheat that will cost us we do not know how much and it wants to bury this in the new board. That is what the government expects to do, and that is why it is coming now in the dying days of the session with this kind of bill, this kind of proposition. It wants to appoint a board to bury this corpse, this doctor's mistake it has made.

So far as I am concerned I welcome this board if for no other reason than that it will bring about publicity. I do not think it will be necessary to have it for more than a year; I think it should be appointed only from year to year. We want to get away from it as soon as possible because it is only a false, a mistaken way of doing things. It may be necessary in order to clean up this mistake. What is the government going to do with this 220,000,000 bushels of wheat? How is it going to handle it, sell it, if not through a board? Of course the government has to have a board to sell that quantity of wheat. Why leave it to one man? Is it any wonder he is sick in bed to-day trying to carry a load of this kind, trying to market all this wheat, taking all the load upon himself, then trying to sell this wheat, make a profit and get away with it? We would never have heard a word about the matter if there had been a short crop this year. The government talks about excessive crops. Since the government came into power we have never had a crop that was more than an ordinarily fair crop; 1933 was the only year we had anything but half a crop in western Canada. This year we might likely have a crop of 600,000,000 bushels. What is the government going to do with it? When it sees this ahead of it and knows it is coming, it brings in this board and makes it carry the load.

I intend to support the principle of this bill; I support the principle of a board, a board to handle it instead of one man. Whether the bill when it comes from the committee is amended in such form that I can support it on third reading remains to be seen.

Mr. B. M. STITT (Nelson): I listened with a great deal of interest to the speaker who has just taken his seat (Mr. Donnelly). He is a little bolder than hon. members who preceded him; he at least told us he is going to support the bill. As for the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the other wheat experts over there, like the hon. member for Quebec East (Mr. Lapointe), we

did not know when they sat down whether they were going to oppose or support it. It is very interesting to sit here and hear these experts discuss wheat. I am not a wheat expert, but I have lived in western Canada thirty-five years and have taken part in almost everything in the daily life out there, have rubbed shoulders with the farmers, and I think I know at least as much about wheat as the hon. member for Shelburne-Yarmouth or the hon. member for Quebec East. I wonder why the right hon. leader of the opposition (Mr. Mackenzie King) did not rise and discuss this bill. I understand he intends to oppose it along with the rest of his party. I think the only answer to that question is that he represents a western constituency and he does not dare to stand up and oppose it. If he does I know what is going to happen, and it is going to happen to every hon. member on the other side who has courage enough to oppose it. In one breath they tell us they are not in favour of it, and in the next that they are going to support it. It is hard to know where they are at. I hope that on the third reading a vote is called for; I want to see how many of those hon. members will stay in the house and cast their votes. I predict that most of them will run out.

Mr. HANSON (Skeena): We don't do that on this side.

Mr. STITT (Nelson): They do, quite often. We heard the official mouthpiece of St. James street, Montreal, speaking for the people who are largely if not wholly responsible for many of the ills from which this country is suffering, discuss this wheat bill to-day. When he got through with his diatribe I did not know whether he was going to support or oppose it. However, I hazard the guess that he will not be in his seat when the vote is taken on third reading.

Mr. MALCOLM: Don't bet any money on it. He will be here.

Mr. STITT (Nelson): Well, he might if I bet too much money. Lawyers do not usually overlook money if they see a chance to get their hands on it. The hon. member for Shelburne-Yarmouth is living in Montreal; he has a large law practice there—I believe he is one of the most prominent corporation lawyers in Montreal. I have a great deal of respect for him; I like him, but the very atmosphere in which he lives would naturally cause him to take the attitude he does. He makes his money from the large financial interests in Montreal. He has opposed every reform bill that has been brought to the house. I congratulate the government upon bringing in this bill. I think the man who brought in this bill knows more about wheat marketing than any man in this house.

Mr. YOUNG: He ought to.

Mr. STITT (Nelson): It certainly is a revolutionary bill. I think it is pure socialism, if I understand socialism. It is one of the boldest strokes that has ever been seen in this temple of the people. The magnitude of this bill is such that it has got all hon. members on the other side in a dizzy spin. Why? Because they have been going from one end of Canada to the other telling people on the hustings that Right Hon. R. B. Bennett is a big interests man. But there is no other man in this dominion with the courage and capacity to bring in this bill. Certainly the right hon. leader of the opposition would not have the nerve to do it. He dare not do it because if he did he would not get the support he is getting now from certain interests.

Mr. YOUNG: He would never have got us into this fix.

Mr. STITT (Nelson): After hearing from the opposition a man does not need to speculate as to the source from which the Liberal party expect to receive their campaign funds. But the question which we as members of this house must consider when this bill comes up for third reading is, are we going to sacrifice seven hundred thousand farmers to greed and exploitation? That is what has been going on in this country the last fifty years. I hold that as representatives of the people we cannot sit by and let this thing go on any longer; if we do we fail in our duty to the people who sent us here. That is the way I feel at any rate, and I represent a very large farming constituency. As to the grain exchange in Winnipeg, it is just too bad we are going to sacrifice that. When I drive around Wellington Crescent and down by the river and see the great mansions there, all taken out of the sweat and blood of the farmer, as far as I am concerned I find very little difficulty in deciding on which side I am going to line up. I am going to support this bill with all that I have.

The hon. member for Shelburne-Yarmouth said he did not think anyone in western Canada was in favour of this bill. I wonder if he heard the hon. member for Acadia (Mr. Gardiner) today, the president of the United Farmers of Alberta. I wonder if he read the remarks of the Premier of Alberta in yesterday's Journal. He quoted from that paper yes-

terday, but possibly he did not see that little statement by Mr. Reid in which he said the farmers would welcome the bill. He laid great stress on the fact that Argentina is selling more wheat than Canada, and also Australia. That statement was applauded by hon. members opposite; they seemed to be pleased to hear it. What are the facts in connection with Argentine wheat? It is produced at very low cost, it is soft wheat, very inferior to Canadian wheat, and they can afford to sell it at 20 to 25 cents a bushel less. It is not worth within 25 cents of what Canadian wheat is. The same thing is true of Australia, and in addition to that, Australia has inflated money; the pound in British money is worth a pound and a half in Australia. The hon. member for Macleod (Mr. Coote) explained that to-night. Australia was able to inflate because they are not a debtor nation as we are. They owe money, but they owe it to their own people and so inflation does not cause them any trouble. If we did not have these enormous obligations to meet in New York and elsewhere abroad, we might be able to sell more wheat. We have got to meet our obligations in the terms of the agreement, in gold.

Then the hon. member for Willow Bunch (Mr. Donnelly) said: Where is that great market in France that the Prime Minister referred to? Surely the hon. member if he reads must know that France has wheat to sell, that France exported wheat last year. More than that, they grew more wheat than Canada last year, so what is the use of asking where is that great market in France? Then he talked of gambling in wheat. Well, if I can interpret gambling—and I have done a little of it on the races once in a while—when I put some money say on a horse race, I expect to make a profit. I do not think it has ever been in the mind of the Prime Minister of this country or of Mr. McFarland to make a profit on that wheat. All this government did was to step in and strengthen the market in order to maintain prices. We have no desire to make a profit, to gamble; that was never the intention of the government. We would be happy indeed to get out on an even keel, but if we have to take a loss, we feel the sacrifice will be worth the cost. During the darkest days we have ever experienced, we have maintained one of the greatest industries in Canada. Western Canada would have been bankrupt to-day—heaven knows it is bad enough—had the government not taken action; the whole country would have been in the hands of receivers. There is no question about that; hon. gentlemen opposite know it, if they would just forget politics long enough to admit it.

The hon. member for Willow Bunch took some time in an effort to prove that from time to time the Prime Minister has contradicted himself. My only reply to that would be that when a man ceases to change his opinions and develop new and better tastes, the jungle forces of cynicism, doubt and reaction set in. There is no crime in a man's changing his opinion in a world changing so rapidly—no crime at all. If that is the best case hon. members opposite can make out against Right Hon. R. B. Bennett, the Conservative party has very little to worry about in the next election. If what hon. members opposite have been saying against this bill is the best case they can make out, then I pity them when they go to their people.

It is true that I have received telegrams from western Canada opposing the bill. I do not know whom they were from; I would not know the senders from a load of hay, nor do I want to know them. I have received no telegrams from my own constituents, and those are the only people to whom I will pay attention. They appear to be satisfied. My constituency was one of the few in Manitoba to support the egg and poultry pool. They had intelligence enough to do that, and they will have intelligence enough to recognize the merit in this measure. So far as I am concerned they may continue to wire me all they like. My belief is that those telegrams were inspired by people opposed to the bill and who would like to continue to fleece the farmer as they have been doing for the last fifty years without any regard to his position.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, I hesitate to continue the debate at this late hour of the evening, but there are a few observations I should like to make before the bill is given second reading. I do not believe it is necessary to cover the early history of the efforts of western farmers to improve their marketing methods. That was ably done by the hon. member for Acadia (Mr. Gardiner) this afternoon. The early efforts towards the organization of farmer's movements in western Canada culminated in the years 1923 and 1924 in the establishment of the three wheat pools. So far as their marketing operations were concerned those organizations were successful to the point of controlling roughly fifty per cent of the grain produced by the three western provinces.

In that connection may I digress for a moment. The three pool organizations,

namely Manitoba, Saskatchewan and Alberta, were separate units so far as the gathering of grain was concerned. They were collective units, however, with respect to the sale of grain in that they joined together in what is known as the Canadian Cooperative Wheat Producers Limited. They were also united, as I recall it, in their financial arrangements. That is to say, the financial arrangement made with the banks was made with the central selling agency, which body, in turn, loaned the money to the provincial pools. In establishing themselves the pools made arrangements whereby voluntary contracts were signed by the growers in which the agreement was made to deliver all the wheat grown or acquired by each grower, except such quantities as might be used for seed and feed, to the provincial pool organization for a period of five years. It was on the strength of those contracts that the pool organizations were able to finance. The banks loaned money on the strength of the contract and the whole organization was established on that basis. However when it came to the actual purchasing of the grain, because they did not have share capital as ordinary companies have, the pools were obliged to adopt the policy of paying initial payments to the growers and then, as the grain was sold, to advance the full amounts of money. As I recall it, the arrangements made with the banks with respect to the financing of pool operations were that the pool was required to maintain with the banks a margin of reserve of fifteen per cent.

At that time it was considered that the financial arrangement by that procedure was quite safe and sound. In making financial arrangements with the banks at the beginning of each year, of necessity the pools had to consult with the banks as to what the initial payments should be. We come to the 1928-29 crop year and the 1929-30 crop year. The financial arrangements for those crops were made by the central selling agency, and an initial payment of $1 per bushel, at Fort William, was agreed upon by the banks. Unfortunately in the fall of 1929 the market broke sharply, and the pool found difficulty in maintaining its margin. Early in the spring of 1930, shortly after the new year in fact, the margin of security which the pools had with the banks in the form of grain and collateral became jeopardized to the extent that the banks were alarmed. It was then that the pools went to their respective provincial governments, as separate units, and asked for assistance. That assistance was granted, and what took place from then on has been told on different occasions. The banks were given a guarantee to provide for the respective shares of the different provincial organizations. In the fall of 1930 the Prime Minister went to the old country to attend an imperial conference, and he took with him the late A. J. McPhail who was then the president of the Canadian Cooperative Wheat Producers Limited. The pool's financial difficulties were still of some considerable proportion. Upon Mr. McPhail's return to this country, however, Mr. McFarland was appointed general manager of the Canadian Cooperative Wheat Producers Limited. The point I make is this, that from the appointment of Mr. McFarland until yesterday no statement has been made with respect to the pool's operations under his control, and at the same time there has been all kinds of confusion as to what the position actually was, for whom he was working and from whom he was taking his orders. It was generally understood that the government was guaranteeing his operations and endorsing what he was doing. However, as I have stated, until yesterday no definite statement was made.

So far as I am concerned, and I think so far as the general public is concerned, I believe no serious exception has been taken to the government coming to the assistance of the pool, and little criticism has been offered. I would be one of the last to offer any criticism for the government's coming to the assistance of the pools, because by so doing not only did it help the pools out of a difficult situation, but it helped the market for the non-pool farmers as well. I would state, further, that no government at that time could have afforded to act otherwise. Since the bill has been introduced considerable discussion has hinged around the 1929 carryover and the situation which has existed since that time. The Prime Minister even went so far as to twit the Liberal Minister of Trade and Commerce, (Mr. Malcolm), with respect to the statement he made in 1929, in regard to wheat when he said that the dominion government was not exercised over the sale of such commodities as wheat because such commodities found their own market. I do not know why the Prime Minister and others bring that up; I do not understand what they mean by so doing. It may be a nice political catch phrase, but I submit that the facts were that you had the pools controlling roughly fifty per cent of the grain crop of western Canada and you had the trade with practically an equal amount, each no doubt vying with the other in respect to price to a certain extent. The banks had already endorsed the pool's initial

payment and were acquainted with their activities and with the activities that the trade was carrying on. Everybody was bullish at that time, and the question that always comes to my mind when that statement is repeated is, what would the Prime Minister have done under those circumstances? Would he have gone to the pool or to the grain trade or to the banks or to others interested in the grain market and said: Boys, you will have to reduce your price, change your policy and sell your wheat? Even had he done so, these were private companies operating on their own, and I doubt if they would have graciously accepted any advice from an outsider. I doubt if the suggestion would have been obeyed in any respect even if it had been given.

I hesitate to refer to the statements that have been made so often by other speakers with respect to what the Prime Minister has said on previous occasions about the wheat market. I shall not do so to-night, but I should like to give one extract from an old country newspaper with respect to the preference on Canadian wheat of six cents a bushel contained in the Ottawa agreement. I quote from the Daily Herald:

> The suggestion that the Ottawa tariff preference of 2s. per quarter accorded by Britain to Canadian wheat should be forfeited, on the grounds that Canada has not complied with Article 4 of the agreement, was made yesterday in the annual report of the Liverpool Corn Trade Association.
>
> The agreement provided that the preference "may be removed if at any time empire producers ... are unable or unwilling to offer ... at prices not exceeding the world prices."
>
> The report mentions that a deputation of British millers recently waited on the Dominion Secretary and represented that the high price asked for Canadian wheat as compared with Argentine, as a result of the Canadian government's holding policy, was in breach of this stipulation.
>
> The report states that while the article was not—perhaps intentionally— drafted with too much precision, yet taken from one angle Canada should have forfeited her preference long before now.

I think it is important to keep that in mind in view of the statement which has been made with respect to the marketing of wheat from this country.

Let me proceed a little further. I shall not refer to the other statements that I had in mind. Yesterday when the Prime Minister spoke he put about five acres of figures on Hansard, which to my mind confused the issue extremely. The figures went back over such a long period of time that I am afraid even my right hon. friend's friends will have difficulty in digesting them when the occasion arises. I have some figures which I have been

successful in securing, not of 1921 but as of May 17, 1935, and I should like to quote them, keeping in mind the general sales policy with respect to wheat. They are taken from the Monthly Review of the Wheat Situation dated May 17, 1935, and supplied by the Department of Trade and Commerce:

> Since the commencement of the present cereal year the Argentine has shipped 149 million bushels as compared with 101 million bushels during the corresponding period of 1933-34. Since August 1, 1934, Australian shipments have amounted to 91 million bushels as compared with 70 million bushels cleared during the same period in the previous crop year. Shipments from North America are sharply lower during the present crop year as compared with a year ago. From August 1, 1934, to May 13, 1935, North American shipments amounted to 127 million bushels as compared with 178 million bushels during the corresponding period of the previous crop year.

Right under that I read this:

> In Liverpool, C.I.F. quotations for all classes of wheat are on about the same level as a month ago with Canadian No. 2 Northern (Atlantic shipment) now being quoted at approximately 96 cents a bushel, Argentine Rosafe at 74 cents a bushel and Australian wheat at 82 cents a bushel.

In other words, there was a spread between the Argentine and the Canadian price of 22 cents a bushel. I find an equally interesting statement on the next page:

> During the present crop year the Argentine has shipped 149 million bushels of wheat as compared with 99 million bushels during the corresponding period of 1933-34. On May 12, 1935, the Argentine had 114 million bushels of wheat available for export and carry-over as compared with 167 million bushels a year ago, a reduction of 53 million bushels. If an allowance for a normal carry-over of 80 million bushels is made, the Argentine has 34 million bushels still available for export during the balance of the crop year.

Then with respect to Australia:

> From August 1, 1934, to May 12, 1935, Australian shipments amounted to 91 million bushels compared with 69 million bushels during the same period of 1933-34. On May 12, 1935, Australia had a balance of 64 million bushels available for export and carry-over as compared with 111 million bushels on the same date a year ago. If the Australian carry-over on July 31, 1935, is placed at 50 million bushels, a balance of 14 million bushels remains for export during the remaining months of the present crop year.

Then turning to the last page I find figures which are very largely the same as those quoted by the Prime Minister last night. The balance of Canadian wheat for export and carryover in 1934 is estimated at 253,960,000, and for 1934-35, 230,499,000. But then this significant statement is made:

> April exports of wheat and wheat flour were slightly larger than those of the same month

in 1934. In the nine months, August-April, however, the export movement has been 5·7 million bushels lower than that of the same months of 1933-34.

At May 1, 1935, supplies for export or carry-over were 230·5 million bushels.

That is very close to the figure which the Prime Minister gave. At the rate our present shipments are moving that would indicate that our carryover is going to be in the neighbourhood of 170,000,000 to 185,000,000 bushels. I just happened to notice last night that for the week ended June 7, 1935, there left Canada 1,315,000 bushels of wheat; in June, 1934, 18,000,000 bushels went out; June, 1933, 16,000,000; June, 1932, 15,000,000; June, 1931, 20,000,000; June, 1930, 18,000,000. That compares with 1,315,000 for the week ending June 7, 1935. Multiply that by four and you have a little over five million bushels going out during the month of June, 1935. You would have to multiply your shipments per week by ten in order to compare with previous year's shipments for the month of June.

The Prime Minister went to considerable trouble to place on record different figures. I think he would have been fairer if he had given the position with respect to Australia and the Argentine. He put on record that Russia's production had reached over one billion bushels in one year and that the United States average yearly production exceeded 800 million bushels. In checking over the figures it will be noticeable that in one year only Russia exceeded a billion bushels. In the case of the United States while it is true that the average over a long period of years has been more than 800 million bushels, for 1933 their crop was 528 million bushels and for 1934, only 496 million bushels. For these last two years they have had practically only half a crop and Canada has been in much the same position. Our position in the world with respect to grain movements should be better than it is.

Australia and the Argentine have adopted an aggressive selling policy with the result that their bins are empty, whereas considerable wheat has been left on the north American continent. Both the United States and Canada have had two short crops but we are holding the bag as far as the carryover is concerned. We regret to think of other countries having severe drought conditions but the fact remains that it has been a blessing to us that the United States had the misfortune of losing most of her crop last year and the year before. The net result is that most of the wheat carryover is in Canada.

One might ask the reason for this discrepancy in the sales of Canadian and Australian wheat. There is no doubt that our price relationship has been out of line. This afternoon the hon. member for Shelburne-Yarmouth put on record certain figures with regard to the price discrepancies between Argentine, Australian and Canadian wheat. I shall not repeat these figures in full but I should like to give them with respect to the fall months during which we do our heaviest shipping. The average premium of Canadian No. 2 northern ex Atlantic c.i.f. Liverpool, for the four months September 1 to December 31, over Argentine and Australian wheat was as follows:

	Australian	Argentine
1931..	——	8¾ cents over
1932..	1 cent under	1⅞ cents over
1933..	3 cents over	12⅜ cents over
1934..	14⅜ cents over	22¾ cents over

To me these figures are significant, particularly when one considers that the logical time for wheat to move into export position in large quantities is in the fall months. Some observations have been made with respect to the selling policy for this country, and I would direct attention to the statement made recently by the former Minister of Trade and Commerce (Mr. Stevens). That statement was put on record this afternoon and I shall not repeat it in full. This is one matter which should be looked into very carefully, the rumour that a prejudice is growing up against Canadian wheat in the importing countries, particularly Great Britain. I do not know whether these rumours are correct but I think they should be investigated. Another reason for the advantage of the Argentine in the selling of wheat is the condition to which the hon. member for Macleod (Mr. Coote) referred this afternoon, the difference in exchange. The policy in the Argentine with respect to wheat has been such that they have been able consistently to sell their wheat in the world market and at the same time give a price to their farmers which has allowed them a greater purchasing power in their own country than is given to the farmers in this country. There is another matter to be considered, one to which the Prime Minister alluded the other evening. There is a growing disposition among countries to want to trade goods for goods. The sooner this method of trading is appreciated by this and other countries of the world, the sooner we will arrive at a reasonable basis of doing business.

I should like to deal now with the bill itself. If this bill is to be put into effect

I suggest to the Prime Minister that he include a provision whereby the board will be required to make a report to some responsible body. As I see it, there is nothing in this bill to require this board to report to anyone. In this connection I should like to refer to the grain control board of the Argentine and quote from a publication of the Dominion Bureau of Statistics, as follows:

> Just as the month of November closed, the ministry of agriculture gave publicity to the long expected statement as to the operations of the grain control board in respect of wheat.

I notice that this board has made a very detailed report with respect to its operations. For instance, it gives the monthly purchases, sales and cancellations and shows the stocks on hand at the end of each month. It then lists the expenses of the board, which are more than covered by the profits. It was originally estimated that there would be a loss of 50 million pesos on the operations of the board, but this did not occur. There is a final announcement by the Minister of Agriculture that the board will be in operation for another year. If the country is going to foot the bills for this board it has a right to expect some kind of report. I would also direct the attention of the Prime Minister to section 7 of the bill, which reads:

> (b) to buy and sell wheat and, without restricting the generality of such powers, to acquire from the Canadian Cooperative Wheat Producers Limited upon terms to be approved by the governor in council, all wheat or contracts to purchase or take delivery of wheat—

I submit that we have a right to know what obligations are to be taken over by this organization. I believe hon. members will remember the representations which I made with respect to certain operations in wheat in Manitoba. Personally I feel that this section cannot be allowed to pass without our receiving detailed information. I am not going to burden the house with full details, but I believe the Prime Minister will recall that representations were made with respect to the durum wheat handled by the Manitoba pool and then taken over by the central selling agency. In 1930-31 the pool accepted durum and common wheat from the growers at different prices. An initial payment was made of 70 cents per bushel for No. 1 northern and 64 cents per bushel for No. 1 durum. These prices were later reduced to 50 cents for No. 1 northern and 49 cents for No. 1 durum, but most of the wheat was accepted at 54 cents a bushel. The point in connection with it is this, that the durum wheat of that crop year was practically all sold at a substantial profit. It was estimated that it brought in the neighbourhood of 67 cents a bushel, so that these people feel that they have a just claim against someone, and it is in this arrangement now that Mr. McFarland has been directing.

Mr. BENNETT: The hon. gentleman should be corrected at once. It is a matter between the organization of 1930-31 pool and the sellers; the government has nothing to do with it, directly or indirectly, remotely or near.

Mr. WEIR (Macdonald): That may be.

Mr. BENNETT: Not may be; it is so.

Mr. WEIR (Macdonald): The situation at any rate is one which has not been cleaned up, and unless the pool organization or someone is going to make a statement which will satisfy these people, I hope the Prime Minister will not be averse to having representations made with respect to it.

Mr. BENNETT: They were made last year and are on the record, in the journals of the house.

Mr. WEIR (Macdonald): I do not wish to delay the house, but I will say this. If I were criticizing the government at this time with respect to this legislation my severest criticism would be for bringing it in so late in the session. The farmers have already sown their crop. They sowed their crop feeling that the government was going to continue to peg the price. There is nothing in the bill to indicate that the government is going to do so.

Mr. BENNETT: The government did not peg the price.

Mr. WEIR (Macdonald): The Prime Minister may make the distinction, but I can hardly do so.

Mr. BENNETT: It was made in the committee last year, clearly.

Mr. WEIR (Macdonald): I do submit, however, that the bill should have been introduced earlier in the session. The situation to-day is this. The farmers thought they had sold their last year's crop, and though it is true that they disposed of it, they now find that there is about 200,000,000 bushels of it still in this country in competition with the crop they have just sown. There is prospect of a crop of 400,000,000 bushels this year, and we are glad that conditions have changed somewhat to make that possible. Under existing circumstances, and in view of the fact that the government is interested

in the wheat already on hand and that that wheat is going to be a factor in the marketing of next year's crop, I frankly do not see how any government could get away from establishing some organization in the form of a board or whatever you may call it to meet the present emergency. At the same time I would hesitate very much to endorse a proposition whereby, at this stage of the game, a permanent compulsory pool organization or board should be established and set in motion to conduct the wheat marketing affairs of the country for years to come. I dislike to see the government go into the grain marketing business. I doubt if it is sound in principle and I hate to see it established. We had an effort on the part of the pool organizations in the west, to which I referred earlier, to establish a one hundred per cent pool which would have been a compulsory organization. The effort failed. We had also an attempt to establish voluntarily a coarse grain pool, but that was not successful. And recently we had a vote taken in connection with the poultry plebiscite, which certainly was not a very satisfactory vote, so far as compulsory pooling in Manitoba at any rate was concerned.

The whole situation is involved to such an extent that I doubt very much whether you will find the rank and file of the farmers very enthusiastic about being committed to a compulsory grain marketing organization. That I judge to be true of Manitoba at least. There is one other feature which perhaps should not be mentioned, but it is a fact nevertheless. A good many farmers in Manitoba consider that they have an advantage in marketing grain in that their harvesting period is usually earlier, thus allowing them to sell on an earlier, which is often a stronger, market. That may be selfishness, but it is nevertheless a fact to be taken into consideration when judging human nature. With respect to coarse grains, that would affect mostly Manitoba. Over half the barley is normally produced in Manitoba, so that a coarse grain pool would be of considerable interest there. Again I say that past experience has shown that the initial payments on these grains are so small as to make it impossible under existing conditions for people to carry on, and I am afraid there will not be much enthusiasm for a coarse grain pool. It did not work when tried before. My feeling at the moment is that if we could establish a grain board which would be in a position to take offers when the market fell below a certain point, and when the market was above that figure for everyone interested in the handling of grain to be free to market in whatever way they saw fit, we would have the most satisfactory arrangement.

I confess that I cannot see that this organization as proposed at the present time will meet with very general favour in Manitoba. From the reports I have been receiving I am inclined to think there is a good deal of opposition to it. At the same time everyone knows that the situation at present cannot continue with any degree of satisfaction or certainly without some governmental assistance. And so I would vote for the second reading of the bill on the ground that the Prime Minister has indicated that it will go to a special committee where we can look into all the questions affecting the marketing of grain, and probably from that committee there would emerge a measure that would be satisfactory to all concerned. It is too important to become a mere political issue.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before the Prime Minister concludes the debate, I wish to make perfectly sure that we have a correct understanding of the situation. I believe it is understood that the bill will, after second reading, go to a committee and that the Prime Minister when he speaks will indicate whether it will be a special committee or one of the select standing committees of the house. In supporting the second reading to this end, it is understood that the opposition is not thereby committed to any of the provisions of the bill, beyond the establishment of a grain board, with such powers as may be agreed upon. In other words, we support the second reading on the understanding that we reserve our right to propose without prejudice any amendment in committee. Especially do we reserve our right to regard this measure as one to deal with a present situation, an emergency situation, and not as necessarily establishing a permanent policy. Further, we reserve our right with respect to any compulsory features of the measure, our final approval with respect thereto to be indicated only after the bill comes back from the committee.

Mr. BENNETT: It is just possible there may be some other members who wish to speak. If I speak now I close the debate.

The Acting SPEAKER (Mr. Smith, Cumberland): I would direct the attention of hon. members to the fact that if the Prime Minister speaks now he closes the debate.

Mr. BENNETT: It is eleven o'clock.

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

Friday, June 14, 1935

The house met at three o'clock.

PRINTING OF PARLIAMENT

First report of the joint standing committee of both houses on the printing of parliament.—Mr. McLure.

DOMINION ELECTIONS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce a bill to amend the Dominion Elections Act, 1934.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: Mr. Speaker, this bill proposes to make four amendments to the Dominion Elections Act. The first and the most important is to introduce by way of experiment the system of the alternative vote in the province of Saskatchewan, a system which has been commended in many quarters of this house on former occasions, as I shall be able to demonstrate I hope at a later stage of the discussion.

The second amendment is to keep the advance polls open on the Thursday and Friday preceding the election from seven in the evening until ten o'clock in the evening, and on Saturdays from two in the afternoon until ten o'clock in the evening. This amendment is made at the suggestion of the Trades and Labour Congress.

The next amendment is to waive the necessity of printing lists under the present Dominion Elections Act which is cast upon the chief electoral officer in respect of by-elections which are not to be held until the nineteenth of August. That is a matter of saving expense.

Then there are some provisions for some changes in the forms.

Mr. LAPOINTE: It is a painful death.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I wish to protest at once against any proposal to introduce amendments to the elections act, to introduce what is practically a sectional election act at this time more than five years after the dissolution of the last parliament and immediately before a general election takes place. I do not think the minister should be permitted to introduce such a bill at this time.

The house divided on the motion which was agreed to on the following division:

[Mr. Bennett.]

YEAS

Messrs:

Arsenault	McLure
Arthurs	Maloney
Baker	Mitchell
Barrette	Morand
Beaubier	Mullins
Belec	Myers
Bell (St. John-Albert)	Peck
Bennett	Perley (Qu'Appelle)
Bowen	Plunkett
Bury	Porteous
Cahan	Price
Cantley	Quinn
Carmichael	Robinson
Chaplin	Sauvé
Church	Shaver
Coote	Short
Cotnam	Simpson (Simcoe North)
Davies	Smith (Victoria-Carleton)
Dickie	Smith (Cumberland)
Dupré	Speakman
Duranleau	Spence
Embury	Spencer
Ernst	Sproule
Esling	Stanley
Fraser (Cariboo)	Stewart (Lethbridge)
Gagnon	Stirling
Ganong	Stitt (Nelson)
Gardiner	Stitt (Selkirk)
Garland (Bow River)	Sullivan
Gobeil	Sutherland
Guthrie	Swanston
Hay	Turnbull
Heaps	Weese
Irvine	Weir (Melfort)
Kennedy (Peace River)	White (Mount Royal)
Lucas	Willis
Luchkovich	Wilson
Macdonald (Kings)	Wright—79.
MacInnis	
Macphail, Miss	
McGillis	

NAYS

Messrs:

Ahearn	Howden
Bertrand	Hurtubise
Bothwell	Jean
Boulanger	King, Mackenzie
Bourassa	Lapointe
Bradette	McKenzie (Assiniboia)
Brasset	McPhee
Brown	Michaud
Campbell	Motherwell
Cardin	Munn
Desrochers	Neill
Dubois	Parent
Duff	Perras
Ferland	Reid
Fournier	Rhéaume
Fraser (Northumberland, O.)	Rinfret
Golding	Séguin
Hanbury	Vallance
Hanson (Skeena)	Weir (Macdonald)
	Young—39.

PAIRS

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

Messrs:

Anderson (Toronto-High Park)	Mulock
Anderson (Halton)	Factor
Barber	Totzke
Baribeau	Beaubien

Bell (Hamilton)	Mercier (St. Henri)
Bell (St. Antoine)	Raymond
Beynon	Euler
Bourgeois	Deslauriers
Boyes	Mills
Burns	Butcher
Casselman	Howard
Charters	Blair
Cowan	Ilsley
Dorion	Verville
Duguay	Dumaine
Edwards	Elliott
Fortin	Fafard
Garland (Carleton)	Goulet
Geary	Mercier (Laurier-Outremont
Gordon	Fiset, Sir Eugène
Gott	Rutherford
Hanson (York-Sunbury)	Veniot
Harris	Jacobs
Johnston	Donnelly
Jones	MacLean
Kennedy (Winnipeg)	McIntosh
Laflèche	Girouard
Larue	Thauvette
Laurin	Fontaine
Lawson	Gray
MacDonald (Cape Breton)	Urquhart
McMillan (Saskatoon)	Mackenzie (Vancouver)
MacNicol	Rennie
McDade	Dupuis
McGibbon	Power
Manion	Chevrier
Matthews	Moore (Ontario)
Moore (Chateauguay-Huntingdon)	Dubuc
Murphy	Stewart (Edmonton)
Perley, Sir George	Marcil
Pettit	Bouchard
Pickel	Boucher
Rhodes	Ralston
Ross	Roberge
Rowe	Lacroix
Ryerson	Taylor
Senn	Sanderson
Simpson (Algoma)	Casgrain
Smoke	Pouliot
Stevens	Malcolm
Stinson	Hall
Stewart (Leeds)	McKinnon
Tummon	St-Père
White (London)	Gershaw
Spotton	MacMillan (Mackenzie)

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

Mr. SENN: I was paired with the hon. member for South Perth (Mr. Sanderson). Had I voted I would have voted for the motion.

Mr. STEWART (Edmonton): I was paired with the Minister of the Interior (Mr. Murphy). Had I voted, I would have cheerfully voted against 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. TOTZKE: I regret very much I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted, I would have been delighted to vote against the motion.

Mr. BOUCHARD: I was paired with the hon. member for Welland (Mr. Pettit). 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 this undemocratic and disgraceful motion.

Mr. COWAN: I was paired with the hon. member for Hants-Kings (Mr. Ilsley). Had I voted, I would have voted for the motion.

Mr. MULOCK: I was paired with the hon. member for Toronto-High Park (Mr. Anderson). Had I voted, I would have voted against the motion.

Mr. MacMILLAN (Mackenzie): I was paired with the hon. member for North Huron (Mr. Spotton). 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. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). 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. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted, I would have voted against the motion.

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 motion.

Mr. CHARTERS: I was paired with the hon. member for North Wellington (Mr. Blair). Had I voted, I would have voted for the motion.

Mr. SIMPSON: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Had I voted, I would have voted for the motion.

Mr. SPENCE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted, I would have voted for the motion.

Mr. JOHNSTON: I was paired with the hon. member for Willow Bunch (Mr. Donnelly). 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. BURNS: I was paired with the hon. member for Last Mountain (Mr. Butcher). Had I voted, I would have voted for the motion.

Mr. McDADE: I was paired with the hon. member for Laprairie-Napierville (Mr. Dupuis). Had I voted, I would have voted for the motion.

Mr. MITCHELL: I was paired with the hon. member for Parry Sound (Mr. Arthurs). Had I voted, I would have voted for the motion.

Mr. FAFARD (Translation): I was paired with the hon. member for Lévis (Mr. Fortin). Had I voted, I would have voted against the motion.

Mr. MARCIL (Translation): I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted, I would have voted against the motion.

Sir EUGENE FISET (Translation): I was paired with the hon. Minister of Labour (Mr. Gordon). Had I voted, I would have voted against the motion.

Mr. FONTAINE (Translation): I was paired with the hon. member for Jacques-Cartier (Mr. Laurin). Had I voted, I would have voted against the motion.

Mr. GIROUARD (Translation): I was paired with the hon. member for Richmond-Wolfe (Mr. Laflèche). Had I voted, I would have voted against the motion.

Mr. DUMAINE (Translation): I was paired with the hon. member for Lake St. John (Mr. Duguay). 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. DUBUC (Translation): I was paired with the hon. member for Chateauguay-Huntingdon (Mr. Moore). Had I voted, I would have voted against the motion.

Mr. GUTHRIE moved the first reading of Bill No. 105, to amend the Dominion Elections Act, 1934.

[Mr. Spence.]

Motion agreed on the following division:

YEAS

Messrs:

Arsenault	McGillis
Barrette	McLure
Beaubier	Maloney
Belec	Morand
Bell (St. John-Albert)	Mullins
Bennett	Myers
Bowen	Peck
Bury	Perley (Qu'Appelle)
Cahan	Plunkett
Cantley	Porteous
Carmichael	Price
Chaplin	Quinn
Church	Robinson
Coote	Sauvé
Cotnam	Shaver
Cowan	Short
Davies	Simpson (Simcoe North)
Dickie	Smith (Victoria-Carleton)
Dupré	Smith (Cumberland)
Duranleau	Speakman
Embury	Spencer
Ernst	Sproule
Esling	Stanley
Fraser (Cariboo)	Stewart (Lethbridge)
Gagnon	Stirling
Gardiner	Stitt (Nelson)
Garland (Bow River)	Stitt (Selkirk)
Gobeil	Sullivan
Guthrie	Sutherland
Hay	Swanston
Heaps	Turnbull
Irvine	Weese
Kennedy (Peace River)	Weir (Melfort)
Lucas	White (Mount Royal)
Luchkovich	Willis
MacDonald (Kings)	Wright—75.
MacInnis	
Macphail, Miss	
McDade	

NAYS

Messrs:

Ahearn	Hurtubise
Bothwell	Ilsley
Boulanger	Jean
Bourassa	King, Mackenzie
Bradette	Lapointe
Brasset	McKenzie (Assiniboia)
Brown	McPhee
Campbell	Motherwell
Cardin	Munn
Desrochers	Neill
Dubois	Parent
Duff	Perras
Dupuis	Reid
Ferland	Rhéaume
Fournier	Rinfret
Golding	Séguin
Hanbury	Weir (Macdonald)
Hanson (Skeena)	Young—37.
Howden	

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Bell (St. Antoine)	Raymond
Beynon	Euler
Bourgeois	Desiauriers
Boyes	Mills
Burns	Butcher
Casselman	Howard
Charters	Blair
Cowan	Ilsley
Dorion	Verville
Duguay	Dumaine
Edwards	Elliott
Fortin	Fafard
Garland (Carleton)	Goulet
Geary	Mercier (Laurier-Outremont)
Gordon	Fiset, Sir Eugène
Gott	Rutherford
Hanson (York-Sunbury)	Veniot
Harris	Jacobs
Johnston	Donnelly
Jones	MacLean
Kennedy (Winnipeg)	McIntosh
Laflèche	Girouard
Larue	Thauvette
Laurin	Fontaine
Lawson	Gray
MacDonald (Cape Breton)	Urquhart
McMillan (Saskatoon)	Mackenzie (Vancouver)
MacNicol	Rennie
McDade	Dupuis
McGibbon	Power
Manion	Chevrier
Matthews	Moore (Ontario)
Moore (Châteauguay-Huntingdon)	Dubuc
Murphy	Stewart (Edmonton)
Perley, Sir George	Marcil
Pettit	Bouchard
Pickel	Boucher
Rhodes	Ralston
Ross	Roberge
Rowe	Lacroix
Ryerson	Taylor
Senn	Sanderson
Simpson (Algoma)	Casgrain
Smoke	Pouliot
Stevens	Malcolm
Stewart (Leeds)	McKinnon
Stinson	Hall
Tummon	St-Père
White (London)	Gershaw
Spotton	MacMillan (Mackenzie)
Spence	Fraser
Ganong	Michaud
Wilson	Vallance

Mr. MacMILLAN (Mackenzie): I was paired with the hon. member for North Huron (Mr. Spotton). Had I voted, I would have voted against the motion.

Mr. MULOCK: I was paired with the hon. member for Toronto-High Park (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 this iniquitous experiment.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted against this experiment of fear on the part of our friends opposite.

Mr. MITCHELL: I was paired with the hon. member for Parry Sound (Mr. Arthurs). Had I voted, I would have voted for the first reading of the bill.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted, I would have voted against the motion.

Mr. 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. SPENCE: I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted, I would have supported the motion.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted, I would have voted for 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 first reading of this bill.

Mr. DUBUC (Translation): I was paired with the hon. member for Chateauguay-Huntingdon (Mr. Moore). Had I voted, I would have voted against the first reading of this bill.

Sir EUGENE FISET (Translation): I was paired with the hon. minister of Labour (Mr. Gordon). Had I voted, I would have voted against the first reading of this bill.

Mr. BERTRAND (Translation): I was paired with the hon. member for Toronto North East (Mr. Baker). Had I voted, I would have voted against the first reading of this bill.

Mr. FONTAINE (Translation): I was paired with the hon. member for Jacques-Cartier (Mr. Laurin). Had I voted, I would have voted against the first reading of this bill.

Mr. DUMAINE (Translation): I was paired with the hon. member for Lake St. John (Mr. Duguay). Had I voted, I would have voted against the first reading of this bill.

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Mr. THAUVETTE (Translation): I was paired with the hon. member for Matane (Mr. Larue). Had I voted, I would have voted against the first reading of this bill.

MONTREAL HARBOUR

On the orders of the day:

Hon. FERNAND RINFRET (St. James): May I ask the Minister of Marine whether he has received representations from public bodies in Montreal concerning the low depth of water in the harbour of Montreal and, if so, what action his department contemplates.

Hon. ALFRED DURANLEAU (Minister of Marine): This morning I had a telephone call from Montreal—I think it was from the chamber of commerce—asking whether a delegation would be received some day next week by the Minister of Marine with respect to this very question, and I answered that I should be pleased to receive them at any time.

THE BORSTAL SYSTEM

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Prior to the five week adjournment of this house, the Minister of Justice announced that the superintendent of penitentiaries would proceed to Great Britain in order to secure information regarding the working of the Borstal system, with the idea of establishing it in this country. As this was part of the famous social reform program, the house would be interested to know before prorogation what has been done in this matter.

Hon. HUGH GUTHRIE (Minister of Justice): I hope to have the report of the superintendent some day next week. It will not be necessary for the house to take action in the matter if it is decided to instal the system, but I hope to be in a position some day next week to make an announcement in regard to the matter.

B.C. RELIEF CAMP STRIKERS

MOVEMENT OF SOLDIERS INTO CALGARY TO PROTECT GOVERNMENT PROPERTY

On the orders of the day:

Mr. E. J. GARLAND (Bow River): Yesterday I asked a question of the government regarding the movement of soldiers from the Sarcee camp into Calgary. I wonder whether the Minister of National Defence has a reply to that now?

Hon. GROTE STIRLING (Minister of National Defence): My attention was drawn to the question the hon. member had asked in my absence, and I find that because of information from the government of Alberta, one-half of the squadron of Lord Strathcona's Horse which had been at Sarcee camp carrying out a musketry course, was by order of the district officer commanding, brought back to its quarters in Calgary and held in readiness with the rest of the squadron to protect government property should that be required; otherwise, the only movements of militia which have taken place and are in process are those to and from central camps for training purposes. Those are proceeding strictly in accordance with schedules arranged some time ago.

Mr. GARLAND (Bow River): Was this movement of troops for the protection of property requested by the provincial government of Alberta?

Mr. STIRLING: I take it that it was based upon information which had been given by the provincial government to the district officer commanding.

Mr. GARLAND (Bow River): I understand that information was given to the district officer commanding, but was the request for the movement of the troops made by the provincial government?

Mr. STIRLING: That I am not able to answer.

Mr. GARLAND (Bow River): May I have an answer to-morrow?

Mr. STIRLING: Not to-morrow.

Mr. GARLAND (Bow River): Monday.

CANADIAN GRAIN BOARD

PURCHASE, STORAGE AND MARKETING OF WHEAT AND OTHER GRAINS

The house resumed from Thursday, June 13, consideration of the motion of Right Hon. R. B. Bennett (Prime Minister) for the second reading of Bill No. 98, to provide for the constitution and powers of the Canadian grain board.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I desire to congratulate the right hon. gentleman opposite upon the discipline of his troops, and I think perhaps this is one of the few occasions which I can recall that a speech has changed the policy of the opposition. If I adopt the policy of the hon. member for Shelburne-Yarmouth (Mr. Ralston), and add sufficient "ifs", I will say: If I am properly informed, the party opposite concluded to fight this legislation, to oppose it, but after they became aware of the circumstances as disclosed by the observations that were made, they hastily convened another caucus, and those who are familiar with Mr. Facing-both-ways in the Pilgrim's Progress will have no difficulty in understanding the result.

Mr. MACKENZIE KING: May I say to my right hon. friend that he is entirely wrong; he is making statements which are wholly unfounded.

Mr. BENNETT: I am doing exactly what was done by the hon. member for Shelburne-Yarmouth in saying "if I am correctly informed."

Mr. MACKENZIE KING: My right hon. friend is not.

Mr. BENNETT: I am glad to know in this instance I am not. The speeches that proceeded upon this measure were based upon a clear statement of an intention to support the legislation: "I will vote for this legislation"; "I am opposed to this legislation, but I think there are more votes in it for me if I vote for it than if I vote against it, so I will hearken to the views of my constituents and say that I am in support of it." That is the position that has been taken in this house. Again, it is very interesting to observe the discipline with which hon. gentlemen who are not well informed accept the brief that is tendered to them and then make a speech in the House of Commons. The leading member who spoke for the opposition is a distinguished lawyer; he did not desire to make that speech; he has made his statements and they are well known, but he was told to speak, so he took the brief and made the statement. From whom did he get his facts that he referred to with their "ifs"? Who supplied them to him? Who gave him his brief and what does it represent on the back of it? That is the question.

Mr. YOUNG: Why does the right hon. gentleman not give us the facts?

Mr. BENNETT: I have already done so. That is the question to ask—

Mr. MACKENZIE KING: I must say that the right hon. gentleman is saying either too much or too little. He has reflected upon an hon. member in his absence.

Mr. BENNETT: I have no right to be interrupted.

Mr. MACKENZIE KING: I will not sit here and see a colleague misrepresented by anybody and especially by the Prime Minister. I wish to say that the hon. member of whom he has spoken is an honourable member and not open to the kind of reflections that have been made.

Mr. BENNETT: I have no right to be interrupted by the anger of the leader of the opposition.

Mr. MACKENZIE KING: There is no anger, but the right hon. gentleman talked about treating this matter in a non-partisan way.

Mr. BENNETT: I think I have the floor. I was observing that the hon. member for Shelburne-Yarmouth was very careful in the statements he made to say: "If they are correct;" "If I am correctly informed." I say that no solicitor in a police court would make a statement like that to a justice; no counsel with his brief would make a statement of that kind, because he either knows or he does not know, and what right has he to cast reflections upon honourable citizens of this country and wreck their reputations so far as he can by innuendos based upon "if I am correctly informed;" "if the facts are as I am told"? He dare not place his name and reputation behind them, but he hedged with the qualifications "if," "if," "if," and that is the basis upon which this bill has been met. Read Hansard; read the statements that were made as to the operations of Mr. McFarland, and in every case the hon. member indicated that he had with respect to those operations a knowledge which came to him from some source, and which certainly I do not possess. Then in order to save himself with his brief, he says: "If I am correctly informed." Is that parliamentary discussion? Is that the amenities of debate, when you attack and then say "if I am," more especially when the circumstances in this case are that the man against whom the statements have been made is lying on his back and cannot leave his bed?

Mr. VALLANCE: Poppycock!

Mr. BENNETT. The hon. gentleman knows those are the facts. Let us go a step further in respect to this.

Mr. VALLANCE: The right hon. gentleman has gone far enough.

Mr. BENNETT: Let us go a step further in reply to the observations that were made. It was said that there was no record of what had transpired during the years from 1930 to 1935. I hold in my hand the Journals of the House of Commons, No. 72, of 1934 and I commence with the select standing committee on banking and commerce. Turning first to the index, I find all the orders in council affecting the operations of this selling agency are printed in full and were before the banking and commerce committee and brought out in testimony. Second, as I shall presently indicate, Mr. McFarland was before that committee, and what is more, before he commenced his statement at all, a motion was presented at the opening of that committee's meetings by Mr. Power, seconded by Mr. Vallance, that certain information should be made available to the committee, the house and the country. Among these matters hon. gentlemen will find this resolution: At Page 17 Mr. Power, seconded by Mr. Vallance, moved the following—I leave out the others, take this one, No. 4:

> Relations of the chartered banks to the wheat pools, and the extent to which the guarantees by the dominion government to the banks, of the said pools' grain market account was utilized for the purpose of speculating in wheat on the Winnipeg or Chicago grain pits.

That was the language with which the resolution was clothed. Winnipeg or Chicago grain pits, and speculation.

When the committee met, the Minister of Finance (Mr. Rhodes), speaking for the government on the 13th of March, stated to the committee that so far as the government were concerned they had no objection to the motion passing. The motion in fact did pass, and what is more the order of conduct of that committee was arranged and settled by the committee itself, and Mr. McFarland was called as a witness for the purpose of giving the evidence required. In addition to that Mr. Roberts was called and produced the orders in council which as a matter of fact had been available long before that. So that upon the records there is at the moment a complete statement of the investigation carried on by a committee of the House of Commons last year in which questions were asked by the hon. member for Swift Current (Mr. Bothwell) who examined the witness, by the hon. member for Willow Bunch (Mr. Donnelly) who spoke last evening, by the hon. member for Antigonish-Guysborough (Mr. Duff) who spoke the other day—not in respect to this matter—a long tedious examination going into all the details of these transactions. And when the question came up as to the number of bushels of grain that were then being carried a number of members raised the question, and the Minister of Finance said he had no objection so far as the government was concerned to this information being given if it was considered to be in the public interest, and the committee by a vote of thirty-three to nine concluded that it was not desirable that the evidence should be given. The committee voted, with eastern Canada Liberals forming the minority, not to have Mr. McFarland give that information. This is from the morning Citizen of March 23, 1934. The following Liberals voted to disclose the figures:

> Hurtubise, Nipissing; Raymond, Beauharnois; Lapointe, Quebec East; Power, Quebec South; Mackenzie, Vancouver Centre; Ralston, Shelburne-Yarmouth; Howard, Sherbrooke; Donnelly, Willow Bunch; Duff, Antigonish-Guysborough. Conservatives, Progressives and the remaining Liberals on the committee opposed the publication.

The committee was composed of fifty members, nineteen of whom were Liberals, Messrs. Bothwell, Casgrain, Donnelly, Duff, Euler, Fraser, Howard, Hurtubise, Jacobs, Lapointe, Mackenzie, McPhee, Mercier, Michaud, Power, Ralston, Raymond, Sanderson, Vallance.

So that so far as this government is concerned it did not in any sense interpose to prevent the fullest information being given. What is more, Mr. Rhodes, the Minister of Finance on the opening of the committee's session of March 22 said this:

> Mr. Chairman, apropos of the discussion this morning as to the method of our procedure, it will be recalled, in connection with the motion of Mr. Power, that, on the 13th of March, I made a statement to the committee on behalf of the government, which reads as follows:—
>
> Speaking for the government I wish to say that it is our desire that there should be no suggestion of narrowing the inquiry. With respect to those topics which are within the purview of governmental activity, the government especially welcomes the most thorough investigation.

That was a restatement of the circumstances under which Mr. McFarland assumed the obligations and responsibilities he did, and the manner in which he discharged them. It has been suggested in this house that instead of endeavouring to deal with the matter as he should he was speculating.

There is his answer, and I am bound to say that among those who know him Mr. John McFarland's reputation stands as high as that of any hon. member of this house. That is that.

Now let us proceed to the next point, which I regard as being of some importance; that is the meaning that has been attached to the words "option" and "futures." Mr. McFarland, realizing how great was the lack of appreciation of the technical use of those words, at page 212 said:

> The use of the word "options" has caused much misunderstanding. Cash wheat purchased by elevator companies is, of necessity, sold for future delivery because it cannot be delivered until it has been transferred to the place where delivery of it can be made to the purchaser. The result is that forward sales, which are called "options" or "futures" are constantly made. Every bushel of wheat that has been purchased by the Canadian Cooperative Wheat Producers Limited can be taken delivery of at the dates fixed for delivery, upon payment of the purchase price.

That was a restatement of what had been said by the Minister of Finance on March 13. So that so far as this house is concerned, through its appropriate committee in the year 1934 there was a full investigation of these matters as I shall presently indicate, the questions asked and the answers given, and when hon. members stand up in this house and talk about secrecy and lack of information and failure of the government to provide them with facilities for securing that information, I say that Mr. Rhodes, the Minister of Finance, speaking to that committee fully indicated the policy and purpose of the government that there should be no limitation placed upon any information that might be sought except so far as the committee itself might determine the advisability or otherwise of it being given

That is the position up to that point. Mr. McFarland was called as a witness. He gave evidence commencing at page 211 of that report. After reviewing the circumstances under which he came into office he proceeded in this manner:

> I will now read you my reply to the notice of the proceedings of this committee:
> "I notice that the proceedings of this committee, before which I have been asked to appear, refer to speculation in Winnipeg and Chicago wheat. I wish to state most emphatically that we have not speculated in a single bushel of wheat in the operations which I have directed for the Canadian Cooperative Wheat Producers Limited since November, 1930. Moreover, we have neither bought nor sold a single bushel of wheat or any other grain in Chicago. All our dealings have been in Winnipeg only. 'Speculation' as I understand it, means buying and selling stocks or goods in the hope of profiting by changes in the market value. Our operations were governed by no such considerations. Our only object since undertaking the operations which I have directed has been to assist the farmer in marketing his wheat, that is, transferring it from his farm to the ultimate consumer. Under normal economic conditions, when there was a fair equilibrium between supply and demand, the operations of the market so adjusted themselves that there had never been any difficulty in maintaining a reasonable price to the farmer in the transfer of his product to the consumer. Conditions in the past few years in the Canadian market have been such that the normal play of forces has disappeared, and some machinery had to be provided to take their place unless the wheat was to remain on the farms of the country. A wheat board was the usual suggested alternative. The method that has been pursued since November, 1930, has been an application of the principle of a wheat board although Canada has not been directly interested in the transactions which have been made through the Canadian Cooperative Wheat Producers Limited, of which I was appointed by the directors, the manager, and which position I still retain. By the adoption of the method which we have followed, it was hoped to prevent the dislocation of the machinery of distribution built up over the last forty years."

That was the statement made at that moment, and which on cross examination by eminent counsel and by laymen as well was not challenged. Therefore when it is said that no opportunity has been afforded to enable this house to have a clear appreciation of the magnitude of the problems with which we have to deal I at once turn to what took place before that committee and ask this house whether in the light of those statements it can be said that opportunity has been denied. There are the facts. The committee went through the problems in connection with wheat from one end to the other. They dealt with the question whether or not he bought wheat that had been sold, the price at which it had been sold, the effort to operate on the market to prevent it falling below fifty cents, then falling to thirty-eight and a half, a statement of the world carryover, a statement of the world production, all those statements were made and the fullest possible information given to the committee. Can it be said therefore that it was fair, that it was right, or even decent for hon. members to stand in their places and say, "If I am informed correctly" so and so is the case? Can a man base an argument upon such a contingency? Would he be listened to in any court of justice if he did? Would any court or parliament that had regard to the rules permit any member to make allegations such as were made the other day with respect to the operation of this pool, and then qualify and surround them with such ex-

pressions as "If I am correctly informed," "If my knowledge is correct"? Never willing to assume responsibility for a definite statement, but always willing to predicate it on "if," and "if," and "if." That, sir, is my position.

I rely upon the statements contained in this journal of the house, to which the people of this country have had access through newspaper reports of what took place, in order to realize and ascertain just what is behind the attack that is being made here against Mr. McFarland, and just what it means. I ask this house to remember that they were not denied information, that they were not denied access to the orders in council, all of which are printed here right down to the end of the year 1933, and covering the operations of 1934, all the details of which were called for. It is true that with respect to the number of bushels the information was not furnished, but the hon. member for South Battleford (Mr. Vallance) said it was well known that there were 200,000,000 bushels, that it was common property, as has been said in this house by other hon. members. The hon. member himself stated it in the committee last year, yet they have the hardihood to stand up and say—

Mr. VALLANCE: I know the Prime Minister wants to be fair. Would he give the remainder of the statement I made at that time? That is only half of it.

Mr. BENNETT: I will finish it. The hon. gentleman desired that the witness should give a statement on it, and what happened was that by a vote, which I have just mentioned, that statement was not given though Mr. McFarland said he was ready to give it.

Mr. VALLANCE: Would the Prime Minister permit me to state what I really did say?

Mr. BENNETT: No. I have the record here and if necessary I will read it.

Mr. MACKENZIE (Vancouver): What page?

Mr. BENNETT: I will come to that presently, as I go along. That is the position. Yesterday the hon. gentleman had the fullest opportunity to make a statement, and I am going to show how inaccurate were the statements he made at that time, whether or not intentionally I cannot say, because in the one instance it is quite clear that he knew what he was talking about, and in the next instance he left out the information that would indicate that he did know. Now let us proceed further with respect to what was said by the hon. member for Shelburne-Yarmouth in dealing with this problem. I am not going to deal with the remarks of the hon. member at any great length, but for the moment I would like to deal with one problem which was dealt with by the hon. gentleman. At page 3595, column 2, he said:

Let me give the house the Canadian exports for the first ten months of this crop year as they appear in the Montreal Star of last night. For the ten months, ending I presume with April, 1935—

That would be only nine months.

—the exports from Canada were 113,802,184 bushels. For the corresponding ten months of 1934 they were 140,709,966, or a decrease this year of some 27,000,000 bushels.

The hon. member complained that I did not give those figures, which made it necessary for him to give them. As a matter of fact I gave the correct figures, which will be found in Hansard at page 3564, in the second column, showing that at the end of May the exports were 146,387,083 bushels. The amount exported for the corresponding period a year ago was 159,553,797 bushels, an excess over this year of only slightly more than 13,000,000 bushels. Again at page 3594 of Thursday's Hansard the hon. member for Shelburne-Yarmouth referred to the carryover to-day as between 220,000,000 and 225,000,000 bushels. There can be no such use of the word carryover until the end of the crop year. There is no carryover until then, and I was at great pains the other day to explain the factors that make up a carryover, because I realized that many members were not familiar with them. Apparently, however, the brief was silent in that particular; the friends of the grain exchange had not given adequate explanation as to what constitutes the carryover. So instead of it being a carryover, properly used, the word should have been our surplus. The surplus of wheat, that is the quantity on hand at the present moment, is nearly 225,000,000 bushels. I said it was somewhere between 220,000,000 and 225,000,000 bushels, because sales are taking place every day and I did not know what might have been sold during the twenty-four hours prior to my speaking. So I said the surplus was between 220,000,000 and 225,000,000 bushels. For the sake of argument I will take the larger figure, 225,000,000 bushels, and in order that there may be no misunderstanding on that point I desire to point out further what was said by the hon. member for Macdonald (Mr. Weir) later yesterday, as well as what was said by the hon. member for Shelburne-Yarmouth who, when referring to our carryover, spoke of it as between 220,000,000 and 225,000,000 bushels.

The hon. member for Macdonald, who had had considerable experience in conection with these matters concerning wheat and grain, and some knowledge of them, because of his desire to support the orderly, cooperative marketing of wheat on the one hand and at the same time to retain the goodwill of what is called the trade on the other hand, as indicated by his looking two ways yesterday, said, "I estimate that the carryover this year will be from 170,000,000 to 185,000,000 bushels." When this government came into power there was a carryover of 127,000,000 bushels, so that in five years, with the third largest crop in the history of the country, with the bonusing that has been going on in all the countries of the world in the manner I have indicated and with the depreciated currencies in the buying countries to which reference was made yesterday, all this violent attack takes place, if the estimate of the hon. member for Macdonald is correct, with respect to the difference between 127,000,000 bushels and 170,000,000 or 185,000,000 bushels. If the figure be 170,000,000 bushels the increase will be 43,000,000 bushels; if it be 185,000,000 bushels of course the increase will be 57,000,000 bushels.

There are the facts. I merely take the figures used by the hon. member for Macdonald, speaking with knowledge of the operation of these matters in Manitoba, and those were the figures he gave last night. There is his statement, which you will find at page 3631 of Hansard, in which he estimated the carryover at 170,000,000 to 185,000,000 bushels. In that regard I think it very desirable that I should immediately point out to the house that the carryover of 225,000,000 bushels—which is not the carryover as the word was used by the hon. member for Shelburne-Yarmouth, but I am using that word in order that there may be no misunderstanding—that quantity, that surplus at this moment of 225,000,000 bushels of wheat, is 25,000,000 bushels more than the estimated visible supply of wheat in Canada. I wonder if the true significance of that fact has dawned on the members of this house. The hon. member for Rosetown (Mr. Loucks) had it in his mind last evening when he was speaking. This is what it means: If the farmers and millers have 10,000,000 bushels that means that the visible supply must be reduced by that amount, leaving 190,000,000 bushels of wheat, and there are 225,000,000 bushels held by Mr. McFarland in the form of cash wheat and futures. In other words somebody is 35,000,000 bushels short on the Winnipeg market. That is what it means.

What happened last fall? I am going to recite my own experience. At three o'clock in the morning I was gotten out of bed in my hotel in London because on the day previous there had been thrown upon the market at Winnipeg, from what source no man knows because it came into the wire houses, millions of bushels of wheat, just before the exchange closed. Someone sold one, two, three, four five million bushels of wheat short; somebody who had no wheat was offering wheat for sale. That is what was happening. What were we to do? The limit mentioned by Mr. McFarland, in his evidence before the committee, as to the amount of bushels for which he might become responsible under his credits, had been exhausted. My colleagues desired my view. I picked up the Daily Herald of London that day and read what I expected to see from the moment I received that cable, namely, that a raid had been contemplated by international dealers in this commodity, and for what purpose? Do I have to indicate the purpose when I indicate to you the present shortage? Before my message which was dispatched and which reached Ottawa at nine o'clock in cipher could be deciphered and telephoned through and the banks communicated with, there was thrown upon the market an additional quantity of wheat amounting to millions of bushels and the price fell six cents. Let us take the facts, Mr. Speaker. Let us realize clearly the gravity of the problem with which we are dealing. I said then what I say now, that I do not propose so long as I can help it that the Dominion of Canada wheat producers shall become the play and sport of international speculators.

Let me proceed a step further. What wrecked the Bank of England; what drove the Bank of England off the gold standard?

Mr. MACKENZIE (Vancouver): It did not wreck the Bank of England.

Mr. BENNETT: It wrecked it so far as its ability to provide gold for its obligations was concerned because they had to pass a new statute to deal with the situation.

Mr. MACKENZIE (Vancouver): That is not wrecking it.

Mr. BENNETT: It is, unfortunately. What happened? A gang of internationalists were operating. What happened the other day in France to their franc? Why did they have to deal with that situation? What did they try to do in this country with respect to our wheat? Now who holds that short interest? It is no wonder that the hon. member for Macdonald said that the carryover would be the figure he mentioned. I had not thought that it was perhaps wise to make a statement of this kind the other day but I am compelled

to make it in view of the misrepresentations and misstatements that have been made in this house.

There you have your visible supply, known to all people, published to the world, 200 million bushels. There you have this wheat organization holding in cash wheat and futures as Mr. McFarland has indicated, 225 million bushels, and entitled to receive wheat for payment; the farmers, millers and other interests are estimated to have 10 million bushels or thereabouts. That would mean a shortage of 35 million bushels, or if you disregard the 10 million bushels, a shortage of 25 million bushels. Is it any wonder that they are looking with joy to see if we are going to dump Canadian wheat on the market? Is it any wonder that they are getting joy from that editorial in the Free Press in which it says:

> Any sensible business would say that the right course now is to remove the controls and see what can be done, in the way of speeding up trade and getting back lost markets by free selling.

Is it any wonder that this journal of the Siftons says that?

Mr. BOTHWELL: May I ask a question?

Some hon. MEMBERS: Sit down.

Mr. BENNETT: Sit down. If, when I have concluded, the hon. gentleman desires to ask a question I shall endeavour to answer it, but I am dealing now with an argument. There is the statement made by the Free Press on the day this bill was introduced when they thought the Liberal party was going to oppose the legislation. That is the position known to everybody, known to people on the streets of Ottawa. This is the contingency the hon. member for Shelburne-Yarmouth was no doubt alluding to.

I ask this house whether or not they are prepared to dump Canadian wheat on the market to satisfy the greed of the exploiter and the international speculator. That is the problem; that is the explanation. Who is trying to drive down the price of wheat below 80 cents? Who sold short upon the exchange last fall? Who endeavoured to sell vast millions of bushels they did not own? Who were they? All we can ascertain is that over the wires there came the orders to Winnipeg brokers to sell. Have you ever seen a wheat pit operate? Do you know what it means to have, in the closing minutes, sellers rush in to the exchange and offer wheat at any price—five cents below the market, seven cents, ten cents. Then the market closes. It opens in the morning, and to make the debacle complete, more selling orders pour in and the price goes down still further.

[Mr. Bennett.]

Mr. YOUNG: Why was not that matter investigated when Mr. McFarland asked for it?

Mr. BENNETT: Your friends the grain exchange can give the explanation. That is the reason.

Mr. YOUNG: It is up to the government to explain it.

Mr. BENNETT: Sir, I put this to the house. As Canadians I ask you whether you are prepared to hand over to the speculators from abroad, the internationalists, the wheat business of Canada. That is the question. Now, if the hon. member for Swift Current (Mr. Bothwell) desires to ask his question—

Mr. BOTHWELL: I understood from the right hon. gentleman's speech the other day that Mr. McFarland was in the market for the purpose of buying hedges because there were no speculators in the market. If he was only buying hedges, how was it possible to buy 35 million bushels of wheat that was not there?

Mr. BENNETT: My hon. friend was one of those who examined Mr. McFarland last year, and one of the very questions he asked Mr. McFarland was why he was buying wheat, and Mr. McFarland said he was buying wheat to protect the market. If speculators threw it on the market, he either had to buy it or see the market destroyed and chaos result. That is the very point. Somebody went on that exchange and sold 35 million bushels of wheat they did not own, and Mr. McFarland to protect the honest Canadian producer from ruin bought their wheat, and now they are trying to destroy the market and have a fire sale so that they can buy the wheat back and escape a loss. I want to make clear to this house and to this country what I had not intended originally to state with respect to this situation but which I regard it now as my duty to do in view of what has been said, in order that there may be no misunderstanding with respect to it.

Let us proceed a step further, and see what was said by the hon. member for South Battleford. He, with a great show of fairness, said that he was going to read figures that he obtained from the bureau of statistics. That is true. They are set out at page 3607 of Hansard, but Mr. Speaker, I cannot think that the hon. gentleman is so lacking in knowledge of the wheat business as to talk about the sale of 229 million bushels of wheat to Great Britain in the year 1929, for Great Britain's entire importation in any one year from all quarters does not exceed 200 million bushels.

Mr. VALLANCE: You want to be fair; did you read the letter?

Mr. BENNETT: I know the letter. The figures are set out at page 3607 of Hansard. They are the figures for the fiscal years ending March 31 of each year. They are the customs figures from this country, showing the clearances of wheat to the United Kingdom. Keep that in mind. They are the clearances from Canada to the United Kingdom of wheat. They include all the wheat that is re-shipped from Great Britain to the different countries of Europe.

Mr. VALLANCE: That is an entirely different argument.

Mr. BENNETT: And one of these years, 1929, gives 229 million bushels, while the next year, according to the hon. member's figures, gives 113 million bushels, and upon that he built an argument. Now, Mr. Speaker, why cannot we, even though partisans, be fairly frank with one another? The fiscal year ended on March 31, 1929, and for that year there cleared from Canada to British ports 229 million bushels of wheat—cleared for British ports. For the year ending March 31, 1930, there cleared 113 million bushels, a falling off of 116 million bushels, and the hon. gentleman says that the falling off indicates what had happened under this government.

Mr. VALLANCE: Oh no, read it all.

Mr. BENNETT: Hold on, just wait till I read it. The hon. gentleman said:

> In spite of all that has been said about the British market having been lost before the present government came into power, in 1929 we exported 229 million bushels of wheat. Through the policies inaugurated by the late government we increased our exports of wheat to Great Britain from 29 million bushels in 1921 to 229 million bushels in 1929, an increase of 200 million bushels. It must be remembered that these are not my figures; they come from the bureau of statistics. Let us see what happened from 1929 on. The elections were in July, 1930, and in that year our exports dropped to 113 million bushels.

That was for the year ended March 31, 1930 which was several months before the government came into power, and the hon. gentleman desires to make it appear otherwise.

Mr. VALLANCE: Follow what I said. I said that the elections were in July. Do not pick pieces out of what I said, read it all.

Mr. BENNETT: The hon. gentleman perhaps will recall the words of scripture: Paul, thou art beside thyself; much learning doth make thee mad.

Mr. VALLANCE: I could apply a few quotations to my right hon. friend which are not in scripture but the rules will not permit me.

Mr. BENNETT: The hon. gentleman said that the elections were in July, 1930, and in that year our exports dropped to 113 million bushels. Now, as a matter of fact, it was for the year ended March 31, 1930.

Mr. VALLANCE: I said that.

Mr. BENNETT: The hon. member did not say so. At least he blamed on this government the falling off in exports and now when he is confronted with his own statement—

Mr. VALLANCE: They are not my figures.

Mr. BENNETT: I had thought he would have offered an apology for misleading us.

Mr. VALLANCE: I need not apologize for anything I said.

Mr. BENNETT: The hon. gentleman apologizes. Let me proceed a step further. I took the trouble to secure the British figures because since the preference was granted the British have made very accurate reports to their statistical department. These figures which are supplied by the Board of Trade are checked very carefully.

Mr. MACKENZIE (Vancouver): Our figures are equally good.

Mr. VALLANCE: At least they should be.

Mr. BENNETT: Our figures cover the exports prior to 1932.

Mr. MACKENZIE (Vancouver): Going to the British market for export.

Mr. BENNETT: These Board of Trade figures are as follows:

Imports of Wheat into the United Kingdom from Canada, Argentina and Australia and all countries by crop years, 1930-31 to 1933-34 with the 9-month figures August to April 1934-35

	Canada	Argentina	Australia	Totals
		(bushels)		
1930-31	52,957,000	30,594,000	33,199,000	207,621,000
1931-32	58,930,000	47,060,000	50,590,000	227,615,000
1932-33	102,882,268	33,178,430	50,433,050	204,375,807
1933-34	68,691,205	53,803,683	41,838,369	200,105,532
1934-35*	48,103,612	47,474,791	28,165,900	136,844,667

*Nine month period.

As I pointed out the other day and as I desire again to direct to the attention of this house, Canada up to the end of May had provided the world with 32 per cent of all the breadstuffs bought by the world. For the reasons which I trust I gave with some clarity, this figure is constantly increasing. The hon. member for Shelburne-Yarmouth said that percentage is not the correct way in which to measure but I think that percentages of the quantities of grain imported into a country from several countries is the proper way to gauge. One hundred per cent is the total percentage shipped by Canada, Argentine and Australia and the number of bushels sold has no relation to the ultimate in determining the question of the amount supplied by each. As I said, the figures I have given were supplied by the British Board of Trade.

There is another question to which I think some little attention possibly might be given; that is, the circumstance of this legislation being introduced into the house. Before the house adjourned at Easter there was placed on the order paper a notice in my name that a motion would be made to establish a wheat board. It has been said that I did not treat this matter as being of any more importance than other matters. Mr. McFarland stated clearly before the committee last year that a wheat board was the usual alternative but he would endeavour to maintain the existing machinery and have the benefits of a wheat board without establishing such a board. In view of that statement I thought that there would be no difficulty on the part of the house in understanding just what was the situation. I think the hon. member for Melville (Mr. Motherwell) has misunderstood the purport of my observations. I said that at the present moment it was no longer posisble to contemplate relying upon Mr. McFarland to carry on his present operations. I did not know that Mr. McFarland was going to be ill when I placed the resolution on the order paper. I do not think even my warmest supporters on the other side would credit me with having that information.

May I proceed a step further? Has anyone suggested that the standing committee on agriculture should discuss this matter this year? Mr. McFarland has been here several times and has any hon. member asked that the committee convene? Has any one desired that there should be an investigation before the committee on banking and commerce or the committee on agriculture? I have been away and it may have been that some of the members of that committee asked that it should be convened but I have not been so informed. I have asked my colleagues and they tell me that to the best of their knowledge no such request has been made. We have a medium of communication between the people and their members through a parliamentary committee which has the right to examine witnesses; all this machinery has been there if it was desired to be used but no one has asked to use it. Is it fair to say that the government has endeavoured to prevent information being given?

Mr. MACKENZIE KING: With reference to what my right hon. friend has just said may I say that from the time the notice with respect to this bill was on the order paper in his name, the opposition refrained from saying anything with regard to it during the time he was ill. That was the attitude of the opposition. We felt it was a measure with which my right hon. friend would wish to deal himself. Although we would have liked to have had information earlier we waited until the right hon. gentleman was in position to deal with the matter himself.

Mr. BENNETT: Since I came back to the house no question has been asked as to when we were going to proceed with it. No one has suggested that the committee should meet. As far as my being able to deal with it before the committee is concerned, my knowledge would be just second hand. The witnesses who would be called before the committee would not be those who sit in Ottawa and receive reports, they would be those who have first hand knowledge. Last year Mr. McFarland said that he had not brought his papers in detail but could send for them if they were desired. Let us look at it frankly and see whether or not there has been any effort by any hon. member to secure any information with respect to this matter. Would it not be more fair to say that in view of a pending appeal to the people it has been thought desirable to endeavour to discredit Mr. John I. McFarland?

Mr. MACKENZIE KING: I hope my right hon. friend will permit me to reply to that. He referred a little earlier to Mr. McFarland being on his back. May I say that the attitude of the opposition toward Mr. McFarland has been just as chivalrous as it has been towards himself. Since Mr. McFarland has been on his back we have been particularly careful to say nothing whatever which could reflect upon him in any way. May I

say that when my right hon. friend was on his back, and when he was absent overseas, we were just as chivalrous with him as any opposition could possibly be with any leader of a government.

Mr. BENNETT: I thank hon. members for the consideration extended but I shall have something to say about the chivalry shown in my absence. There are one or two matters to which I have not referred and what applies to myself applies with equal force to Mr. McFarland. Since I came home Mr. McFarland was in the city but no one suggested that the committee should meet. He was ready and available. But let us proceed to the second point which has been made. There is the evidence, a whole volume of it. It does not all deal with this; but at great length, with all the astuteness and the skill with which eminent counsel could ask questions, those questions were asked and answered; and at the end Mr. McFarland thanked the committee and told them what he was endeavouring to do and why. And the committee seemed to be in a generous mood, so far as their attitude of mind was concerned. The matter rested there.

Now it is said that this bill in an emergency should be temporary in its character. Well, there are some arguments which, if adduced by eminent men, are always listened to with that care which the authority of the source would demand. But there is not a member of this house who does not know that all legislation is subject to the right of repeal at the next session of parliament; and when hon. gentlemen in this house talk about a temporary measure it seems to me they are rather insulting the intelligence of the house when they do not point out that any government may proceed at the next session or even at that session to repeal an act that has been passed either during the current session or the session before. The power of parliament is untrammeled. The power of parliament to deal with matters of this kind may involve vested interests and they may be disregarded. There is no limit to the power of parliament in that regard. What is meant by anyone who stands in his place and suggests that the measure should be temporary? And hon. gentlemen in the next breath say that they will occupy the treasury benches in a few months. Well then, it will be their privilege to repeal this legislation.

Mr. MACKENZIE KING: Would the other house not have to assent also to action taken by this house before the measure could be repealed?

Mr. BENNETT: Of course, I take it that the right hon. gentleman will give me credit for knowing that parliament consists of the Senate, the House of Commons and the Governor General. But he cannot rely upon an assumption when he deals with a matter of that kind; he must face the fact that if, as he says, he proposes to occupy the treasury benches in a few short months it will be his privilege to repeal the legislation. That will be his privilege if he is thus situated; and when anyone suggests that the legislation should be temporary he is merely stating what is a commonplace to every student of the constitution, indeed every casual reader of it, namely, the right of parliament to repeal legislation which it has passed at a previous session.

Now I will deal with another matter. It has been said in this house that we should not have compulsory marketing of grain. I will not take the trouble to do more than state what Mr. McFarland mentioned last year, that by the operations that have been carried on by this organization the farmers of western Canada have profited to an extent variously estimated. The question was asked as to how much and he said that different figures had been mentioned, but he suggested that it was probably not less than $100,000,000, though some have said not less than $200,000,000. However, let us leave that for the moment. It is sufficient to bear in mind that I gave the average price received this year as 81 cents as against 64 the year before. I mention that because it has a direct bearing on what has been said. Now I put this to the house. With 225,000,000 bushels at the present time, with a carryover estimated by the hon. member for Macdonald at 170,000,000 bushels, and with a crop that promises at the moment to be some 400,000,000 bushels, as stated by one hon. gentleman yesterday, you must decide one of two things: Shall you have the orderly marketing of that grain, or shall you gratify the exploitation ambitions of certain gentlemen and have a fire sale, throwing it on the market? If you throw on the market the carryover you have, it at once affects your new crop. How are you going to fix the price of the new crop? Must it not be on the basis of making an initial payment, so that the value of the new crop may ultimately be determined by what can be secured for it? And must not all be treated alike, except with respect to sales that may be made domestically at the mills and matters of that sort? Does it not sound reasonable to say that cooperation in this instance means that all must unite together for the common good,

and that if there be a few who take another view they must subordinate their interests to that common good? Why? Because during the last five years this country has placed its recources behind them all for their good. Is not that the basis on which we make the appeal? You will find it written in the bill; and when any of your constituents say, "We desire to have the right to sell our own wheat," must you not reply, "Ah, but you asked that the government of this country should stand behind an organization that would absorb hedges to enable you to sell at all." And when that was done, now that it has been accomplished and the agency finds itself possessed of large quantities of wheat which it would not otherwise have had, and by exerting steadying influences on the market—for obviously, the evidence shows, it was not for sale but for the purpose of destruction and chaos—under these circumstances is it more than fair to say, "Let us all stand together in the spirit of cooperation, that all may benefit from the results of what now has to be done." That is the reason why the clause is there; that is why it is written in the measure.

One step further. The ex-Minister of Agriculture (Mr. Motherwell) and his friend the member for Willow Bunch (Mr. Donnelly) have said that the government has failed. That is the statement of the Free Press—Bennett and McFarland have failed. Well, though perhaps a man has no right to feel a justifiable sense of pride about anything in these days, there is one thing which perhaps I may be allowed to say; we have been able to save from bankruptcy those who have made the greatest contribution to the foreign trade of Canada. To the foreign trade of Canada the farmers of the west have contributed over thirty per cent. I am not referring to this year but speaking generally—about thirty-two per cent. We have endeavoured to prevent them from becoming bankrupt. What stranger coming to this house yesterday or the day before, sitting in the gallery and looking on here, would think that the world has been passing through the greatest depression of all ages? He would have listened to defences of grain exchanges; he would have heard members say that because Sir Josiah Stamp reported that a future market has a value in the marketing of wheat, therefore now, because we enact legislation of this character, we are unmindful of that fact. Is there a member in this house who will not say that the machinery of the grain market, as heretofore existing in this country, has broken down? Why? There was no one to take the hedges. And what happened if there was not? Stark. complete, absolute disaster beyond the ability of any man to see. That is what it meant, and I say to hon. gentlemen that the question of failure is the question of the failure of the Winnipeg grain exchange to function. With respect to the machinery that has been set up for the handling of business during the long years that have passed, the first thing that Mr. McFarland did was to withdraw the agents from abroad in order that the Baltic might function, in order that the grain exchanges might function, whether Winnipeg, Chicago or Liverpool. What happened? The grain exchange at Winnipeg ceased to function. It could not take the hedges. It admitted that. There was nobody to take them. When the machine ceases to function, what are you going to do? That is the issue and this bill provides for it.

[Mr. Bennett.]

Mr. McFarland during all these years has endeavoured to do both things: on the one hand to save the machinery and mechanism set up by man over all these years, and on the other to see that the benefits of cooperative selling were maintained for the producers of this country. The reason that I am particularly anxious at the present moment is that we have a condition where the knowledge of one man is not available as it has been heretofore, and we have to do the best we can, not relying upon the judgment of one or two or three, for Mr. McFarland was in consultation with other people who pretended to know and did know something of the handling of grain, so that we may have at least something that has continuity, that has corporate existence, something that the country can support from its inception, for the purpose of enabling the grain of Canada to be marketed. If we ask the people to cooperate with us, we are merely saying: We are partners with you, not with a select few, but with all the producers for the purpose of enabling them to secure the benefit of what has inured to them by what has transpired in the past. That is number one.

I shall not discuss again—it has been discussed so often—the payment of a bonus to the wheat producers. I can speak only from memory of the many letters received from mayors and others that that little payment of cash to them when their crops were being harvested at a price that did not give them any return for their toil, their risk, enabled them to pay their taxes, maintain their upkeep, their schools, and small though that payment was, while it went to the wheat producers, it went in turn to producers of other commodities and in that way stimulated trade.

I was surprised at the reference of the hon. member for Melville (Mr. Motherwell) to the statement put in by Andy Cairns the statistical expert. It was put in evidence and went into the report because it was put in evidence. It was not intended that it should be printed, according to the evidence that came to us later on, because we asked for it from the commission themselves. It was attached to the report that was made. It was inadvertently included in the printed report, but it was part of the record. It rendered a conclusion drawn by one man on one man's statistical understanding as to certain facts, and to that extent was wrong, because arguments based on facts are not evidence on matters of that kind. It is for the commissioners to draw the conclusions, for the witnesses to give the evidence and not for the conclusions to be drawn by the witnesses themselves. So far as that report is concerned, the government had exactly the same control over it as had the hon. gentleman himself.

Then as regards the question of our operations, that is said to be an admission of failure, of defeat. Well, I am content to leave that to history. I am not going to argue the matter further. The other day I took the time to place the facts upon the records of this house at some, shall I say expense of nervous energy, and I quite agree with the ex-Minister of Agriculture that, having recently not been upon my feet, perhaps I endeavoured to enforce my views with greater emphasis than I should have done; but I desire to make it quite clear that that record indicates the reasons why we took the steps we did. When I say "we" I merely say that we supplied the guarantee that enabled Mr. McFarland to carry on the operations he did. I did not assume to be and I rather resent the suggestion that I was a wheat dictator. I do not pretend to know the intricacies of market operations. All I know is that from time to time the government accepted the responsibility for determining the credits which that organization would receive, and when an appeal was made to extend more credit, we did so if we believed it was right; otherwise we declined to do it. Hon. members will remember Mr. McFarland's evidence. His credit was exhausted and in 1932 wheat dropped to thirty-eight cents. We did not in 1934 decline to extend credit because the economic situation in the country had become entirely too acute. What we did was by orders in council to provide him through the banks with credits that enabled him to function. One general manager of a bank who gave evidence last year before the committee indicated the basis upon which this was done. It was done through the clearing house; payment was made upon deposits made in the clearing house, the rate of interest at that time being four and a half per cent and to the banks five and a half per cent, making the net cost one per cent. I do not know what the rates are at this moment. This I do say, that having provided the credits and limited the operations as to bushels, I did not, neither would I undertake to go further, having enabled an expert, who was held out as an expert and whom I believe to be the best equipped of any man in this country to deal with the problem, to deal with it as he was selected by the cooperative enterprise. His appointment, I may say, was made while I was still in England, my first knowledge of it being when I had arrived on this side. That was my knowledge of the arrangement that was made. We used this organization from the standpoint of credits to enable it to discharge what I describe and believe to be the only course that could have been pursued to protect the producers under the circumstances that existed. It is neither failure nor defeat.

Mr. McFarland was not trying to secure great profits. I can recall his saying to me: "What is a loss of a few million dollars compared with the utter destruction of the farm industry of western Canada?" It is not correct to say that the government at any time talked about how profits would be divided. One of the counsel examining Mr. McFarland asked him who was going to get the money, and he replied that that was a question of law about which he could not speak. He has often said to me: "You can never talk about profits until wheat has entered into consumption." That is so wise an observation that I think it well worth while repeating it, because you can never count paper profits in either wheat or anything else. Paper profits counted by many friends of mine have left them ruined insolvents on the sands of time. That has happened and will happen. That is all I have to say in reference to what has been urged in the house.

Hon. members opposite say that they are prepared to support the second reading of the bill; the right hon. gentleman says "with reservations." I am content that that should be so, for I am much more concerned about supplying the western producers of this country with a sufficiently ample machinery to protect them at this time than I am in questions of party politics in connection with this

bill. I am therefore quite willing that hon. gentlemen who accede to the second reading of this bill should do so without sacrifice of their rights. If they desire on the third reading to vote against this measure, I shall certainly be glad to afford them an opportunity to do so. I can only add that while the bill can go to a committee, I believe it is said, if once more I might emulate the example of the hon. member for Shelburne-Yarmouth, that the suggestion came from the ex-crown prince of Saskatchewan. But be that as it may, the suggestion is not unworthy of consideration, and when the bill has passed as a matter of form its second reading, I shall move that it go to a select committee of nine members.

I have trespassed somewhat longer than I should on the time of this house in reply, but I want to make clear to all the world the fact that notwithstanding all the discussion that has taken place here during the last few days, so far as this government is concerned, whether its life be long or short, it will not permit bargain sales of Canadian wheat to be made to gratify the ambitions and exploitation tendencies of speculators in any part of the world.

Mr. MACKENZIE KING: With regard to one remark that the Prime Minister made at the close, I do not wish there to be any misunderstanding. I did not quite understand the significance of his reference to some suggestion made by the ex-crown prince, but may I say to him that when the resolution first appeared upon the order paper which was early in March last the position that the Liberal opposition took with respect to it or was going to ask the house to take—and that is three months ago—is the position we have asked it to take in the last few days, namely that of having the bill referred to a committee.

Motion agreed to and bill read the second time.

Mr. BENNETT: I move that the bill be referred to a select committee of nine members, composed as follows:

Messrs. Bennett, Alberta; Perley, Saskatchewan; Willis, Manitoba; Porteous, Ontario; Gobeil, Quebec;—

I think that makes five as far as we are concerned, and:

—Ralston; Stewart (Edmonton); Vallance and Lucas.

Motion agreed to.

[Mr. Bennett.]

COMPANIES ACT, 1934, AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 85, to amend the Companies Act, 1934.

He said: The revision of the Companies Act was commenced about September, 1933, preparatory to the submission of the draft of a new act to the interprovincial conference, which assembled at Ottawa on January 17, 1934.

The printed draft of a new bill, as then prepared, was presented to the representatives of the provincial governments who attended that conference from January 17 to 19 inclusive, and, at the request of the attorneys-general of the provinces, the further consideration of this draft bill was postponed till March 1, 1934. During that period the provincial governments were to prepare and forward any suggested amendments to the bill as first prepared.

Between January 19, 1934, and April 26, 1934, when the new bill was introduced to this house, printed copies of the proposed bill were widely circulated throughout Canada to economists, accountants, lawyers, universities, companies and corporations; and, after due consideration of all relevant suggestions and their incorporation into the draft bill, a bill intituled An Act Respecting Dominion Companies was introduced to this house on April 26, 1934. This bill was enacted as The Companies Act, 1934 on June 28, 1934. Three months were then allowed to all companies to re-adjust their accounting systems to conform with the requirements of the new act, which came into force by proclamation on October 1, 1934.

In the meantime, on February 2, 1934, a select special committee of the House of Commons was appointed by resolution of the house to enquire into and report upon certain matters. By order of His Excellency the Governor General in council, dated July 7, 1934, the eleven members of said select special committee were appointed as a royal commission to continue, complete and report on the enquiry ordered by the House of Commons on February 2, 1934. It is clear, I think, that the resolution of the House of Commons of February 2, 1934, appointing the select special committee, did not authorize the committee to report upon the dominion companies acts, which were then under the consideration of the representatives of the provincial governments, who had participated in the interprovincial conference of January 17 to January 19 inclusive. It is also clear, I think, that neither the order in council, P.C. 1461 of July 7, 1934, appointing the royal commission,

nor the terms of the royal commission which issued upon said order, conferred any specific authority to investigate, consider or report upon proposed amendments to the Companies Act, 1934.

So far as I, as Secretary of State having supervision of the administration of the dominion companies acts, was concerned, I had no knowledge or notice that an enquiry into the terms of those acts or into the administration of those acts was proceeding. So far as the evidence submitted with the report of that royal commission discloses, no general enquiry was made by the original committee of this house, nor by the royal commission, which succeeded to the work of the house committee. I was surprised, therefore, when the report was submitted to the Minister of Trade and Commerce and laid on the table of this house, to find incorporated therein a long list of proposed amendments to The Companies Act, 1934, of the Dominion of Canada.

I am very confident that if it had been known that the committee had undertaken such a work of revision even without express authority, many representatives of Canadian companies would have sought leave to appear before the commission for the purpose of making representations on their behalf, which would not be entirely consistent with the recommendations of the commission.

In order that these recommendations may be considered fully by this house, this bill has been prepared and is now moved for second reading. But I am authorized to state on behalf of the government that each and every member on this side of the house is free to approve or to oppose each and every section of this bill and to move any amendments thereto which may be deemed advisable or expedient. The bill is placed before the house and it is wide open for consideration by all members.

I propose, therefore, to consider in sequence the recommendations of the royal commission on price spreads as shown in the summary to the report of the commission and to direct attention to the corresponding provisions of this bill in order that the house may have before it a clear statement of each and every recommendation made and a statement, by reference to the bill, of the extent to which these recommendations have been embodied in the terms of the bill.

The first recommendation for an amendment to the Dominion Companies Act was the abolition of shares of no par value or, in the alternative, a requirement that the full consideration received for no par value shares be credited to the capital account. In considering the proposal to abolish no par value shares it was ascertained that measures to make that recommendation effective would compel the reorganization of the capital structures of a large number of dominion companies at present engaged in industrial and commercial pursuits. If the house or any member so desires I will lay on the table of the house later the names of some hundreds of these companies that are actively operating from day to day and whose interests are vitally concerned with the summary abolition of no par value shares.

Mr. ILSLEY: Do I understand that there are some hundreds of dominion companies that have distributable surpluses?

Mr. CAHAN: But please let me get down to the question of distributable surpluses. My hon. friend will have ample opportunity to discuss every phase of the matter. The alternative that is required is that the full consideration received for no par value shares should be credited to capital account, and I shall deal with that in a moment.

Evils may arise, and evils do arise, in connection with all forms of corporate ventures. In my personal experience in the Department of the Secretary of State it would appear that no par value shares, under a strict system of accounting, such as was devised by expert accountants all over Canada and incorporated in the Companies Act, 1934, to which I fear careful attention has not been given either by the commission or the committee, are in fact as clean and as little deceptive as any class of shares issued to the public in this or any other country.

This bill, however, contains provisions in partial compliance with the alternative proposal. Subsection 7 of section 12 of the existing act will be repealed by section 4 of this bill, and hereafter no part of the consideration received by a company in respect of the issue of no par value shares may be so set aside, except it be provided in the original contract for subscription for such shares that a part thereof not exceeding twenty-five per cent may be set aside as distributable surplus. Then subsection 9 of section 12 of the existing act, which permitted directors at any time, with the sanction of a vote of two-thirds of the shareholders, to set aside as distributable surplus a part of the consideration received for the issue of no par value shares, is repealed by section 5 of this bill. Nevertheless it should be noticed that the repealed subsection only permitted such setting aside of such consideration as distributable surplus by the issue of supplementary letters patent, when the

Secretary of State was satisfied as to the expediency and bona fide character of the proposal, and that the rights and interests of creditors were duly protected. I can assure hon. gentlemen that since I assumed the administration of the Companies Act no distributable surplus has been set aside under the section it is now proposed to repeal where the interest of any creditor was affected in the slightest degree, except when the consent in writing of that creditor was given to the setting aside; nor has such setting aside been allowed in respect of any fixed assets nor in any case in which there were not available cash or liquid assets for the purpose of being set aside. Iu that connection I am glad to note that of all the companies to which the report refers not a single exception or criticism is taken with respect to any company incorporated since August, 1930. I have not known, therefore, of any supplementary letters patent issued since August, 1930, giving rise to any injustice or any complaint. Nevertheless this bill, if enacted, will repeal subsection 9 of section 12 of the act, and it will be a matter for the consideration of the house whether, in view of the very severe and stringent restrictions which by the revision of 1934 have been placed upon the setting aside under subsection 9 of section 12 of the present act, the proposed repeal of subsection 9 should be carried into effect.

The second recommendation of the report is that all premiums from the sale of par stock should be placed in the capital or non-distributable account. The consideration, to the extent of 100 cents on the dollar, received from the issue of shares of capital stock having par value, is capital. I do not know, and I have examined the evidence to find out but I have been unable to ascertain, just what evil in fact the committee had in view in making that recommendation, because in my experience I have known of no evils resulting from the issue of such shares at a premium. In fact under the law as it prevails in Canada, and as it has been administered by companies under my personal advice and counsel, the premium on an issue of new shares represents money that is actually due to existing shareholders. It represents a premium upon a new participation in the assets of the company and therefore, in justice to existing shareholders and in accordance with English law, which I think our courts follow, if such shares are really valued at a premium they should first be offered to existing shareholders, to whom such premium belongs, inasmuch as in equity it represents an accretion in value of the existing assets which are the property of the existing shareholders. No effect is given in this bill to this second recommendation.

[Mr. Cahan.]

The third recommendation is as follows:

3. All increases in surplus or reserves which result from an increase in asset values (as a consequence of write-ups, appraisals, etc) should be regarded as capital surplus; that is, incapable of having dividends charged against them.

I should certainly advise a client of mine that such is the law at present as embodied in the Companies Act, 1934, and the English common law which applies to the administration of that act, but nevertheless in order to carry out this recommendation of the report this bill proposes to enact two amendments as follows:

Section 12 of this bill, to which I shall later refer in another connection; and section 17 of this bill, which amends section 112, subsection (2), clause (g), and subsection (3) clause (c), both of which relate to the preparation of the balance sheet of the company which is submitted to the shareholders.

The fourth recommendation is as follows:

4. Companies should be incorporated only for activities which they intend seriously to pursue at the time of incorporation. They should be prevented from engaging in activities not directly related to those for which they were incorporated, unless they have previously secured,—

(a) approval of the shareholders, and
(b) supplementary letters patent.

I think that that recommendation is carefully considered and carried into effect in respect to the administration of the present act. In a complicated code such as company law you must leave some discretion to the administration in dealing with exceptional cases which arise, but in order to give effect to this fourth recommendation we have proposed in this bill section 2 and 3, which read as follows:

2. Section five of the said act is amended by adding thereto the following subsections:—

"(4) Nothing in this part shall be construed to authorize the incorporation of any company for any purposes or objects other than those which it is intended the company shall actively pursue as set forth in the letters patent of the company.

(5) If any company in the opinion of the Secretary of State—

(a) carries on any business which is not within the scope or the purposes or objects set forth in the letters patent or supplementary letters patent, or

(b) exercises or professes to exercise any powers which are not truly ancillary or necessarily incidental to the purposes or objects set forth in the letters patent or supplementary letters patent, or

(c) exercises or professes to exercise any powers expressly excluded by the letters patent or supplementary letters patent,

such company shall be liable to be wound up under the provisions of the Winding-Up Act as if it had become insolvent, and the Attorney General of Canada may, upon receipt of a certificate of the Secretary of State setting forth his opinion as in this section provided, apply to a court of competent jurisdiction for an order that the company be wound up."

I think that that, with section 3 of the bill, gives very complete control. Section 3 reads:

3. Paragraph (b) of subsection one of section seven of the said act is repealed and the following is substituted therefor:—

"(b) The purposes for which incorporation is sought which shall be limited to the purposes and objects which it is intended that the company shall actively pursue."

So with respect to the application for letters patent and with regard to the granting of letters patent this recommendation is carried into very full effect. But I would remind the house that the dominion parliament is not the only legislative body in Canada which controls the incorporation of companies. It has been decided by the privy council that the grant of letters patent by the crown in the province of Quebec gives to the company the power to carry on every and any activitiy which is within the legislative competence of the province of Quebec, the same as if the company were a private person or individual, and other provincial legislatures have taken advantage of this decision of the privy council to the effect that the crown in the right of the province in Quebec is authorized to grant such charters. Other provincial legislatures by their own legislation have conferred upon their companies distinctly and expressly the same right as an individual would possess.

The fifth recommendation is as follows:

5. A company's annual statement, together with the auditor's report should be required to be published in the daily press and in The Canada Gazette, in such a way as to ensure the widest publicity.

This recommendation I have not felt free to incorporate in the bill now before the house. Under the present law every shareholder and every bondholder is entitled to receive an annual statement, and some amendment has been suggested to section 16 of the eixsting act for widening its scope. But there are approximately ten thousand dominion companies in active operation and we estimate, although we have not the particulars with regard to provincial companies, that there are about thirty thousand companies in active operation throughout the Dominion of Canada even in these days of depression, of which approximately one-third are dominion companies. The advertising of the annual statement of each of these companies in statutory form in the Canada Gazette would require at least one page of the Gazette for one company, and at the lowest rates at which the King's Printer can economically operate the Gazette, the charge would be $50 per page. The Canada Gazette now consists of approximately 2,500 pages per year, and it is becoming so extensive that I doubt if anybody ever reads it. But this recommendation would require the publication of ten thousand extra pages of the Gazette each year, and for an English version alone we would have to charge the companies all told $500,000, and if you insist upon publication in both the English Gazette and the French Gazette we would have to double that amount, but I am assuming that if this recommendation were put into effect parliament might be content with one publication either in French or in English.

To publish that same statement in the daily press would cost each company at the very least $150 for each such publication. At the rates charged by the daily press in many cases it would run up to $200 or $250 for each publication. Assuming an average of $150 the publication in the daily press would impose an annual burden upon these companies of $1,500,000. I can see no reason why, in these times of stress and strain, when dominion companies are subject to federal, provincial and municipal taxation, we should compel them to expend $2,000,000 per year upon such publicity, when any person who is really interested in the affairs of the company can obtain all the information in printed form at the cost of an envelope, a piece of writing paper and a three cent stamp.

The sixth and seventh recommendations are carried into effect, in part, by section 19 of the bill which provides that a copy of every balance sheet shall be filed with the Secretary of State, where it is available to everyone.

The eighth recommendation is that annual statements should be given in more detail than at present and should include information under the following headings:

(a) Fixed and intangible assets to be given in more detail than at present;

(b) Investments and securities—nature, and market value;

(c) Inventories—so as to show raw materials in process of manufacture;

(d) Accounts and notes receivable—in such a form as to make a distinction between current and overdue and doubtful accounts;

(e) Executive salaries and bonuses—so as to show the number of executives and the total amount paid;

(f) The amount, if any, by which fixed assets (including goodwill and other intangibles), have been written up.

I am doubtful if the author of these recommendations has considered carefully the express terms of the Companies Act, 1934, which requires more detailed accounting than any companies act of which I have knowledge. Nevertheless, in section 17 of the bill we have proposed certain amendments to the existing act. Section 17 reads:

Subsections two and three of section one hundred and twelve of the said act are repealed and the following are substituted therefor:—

"(2) Every balance sheet shall be drawn up so as to distinguish severally at least the following classes of assets and liabilities, namely:—

(a) cash;

(b) debts owing to the company from its directors, officers or shareholders respectively;

This is a re-enactment of the present provision.

(c) other debts owing by the company—

That should be "to the company."

—including accounts and bills receivable in such form as to distinguish between current and non-current accounts in all cases in which the estimated loss is not provided for;

I can see no reason why the shareholders would desire to go into individual accounts so long as the statement distinguishes between current and non-current accounts. This section of the bill has been taken from the corresponding section of the Bank Act of Canada which is very precise and definite. The section continues:

(d) inventory, if any, stating the basis of valuation adopted and the manner in which such value has been determined in respect of various subdivisions of such inventory;

The words "in respect of various subdivisions of such inventory" are new. I continue:

(e) investments and securities, if any, stating the nature and the market value thereof in case such market value is readily ascertainable.

I do not think it is possible to carry out the recommendation more completely because many companies own securities of other companies, operating industrially in connection with their own, with respect to which there is no way of determining the market value. If it is a subsidiary company the present act provides that the consolidated balance sheet must show with great precision and clarity the financial standing of the subsidiary companies. If its shares are on the stock exchange the market value can be ascertained, but in other cases it cannot be readily ascertained. I quote:

(f) expenditure made on account of future business, if any;

(g) lands, buildings and plant, stating the basis of valuation, whether cost or otherwise, and, if valued on the basis of appraisal, the date of appraisal and the name of the appraiser and the amount, if any, by which the value of such assets has been written up;

We have added the words, "and the amount, if any, by which the value of such assets has been written up." I have incorporated this recommendation but I do not think it can be carried into practical effect. During the revision of 1934 this suggestion was definitely brought before us and accounting firms and associations said that it would be impossible to carry it into effect unless it were limited to a term of years. Many of these companies have been in operation for twenty, thirty and forty years and during that period their fixed assets have been accumulated by the acquisition of property, the construction of new buildings, the restoration of old buildings, investments in new machinery and replacements of old machinery. From year to year these companies have set aside a certain portion of their incomes to cover depreciation. The accountants advise that in the case of a company which has been operating over a term of years it would be absolutely impossible to ascertain the amounts by which the value of such assets had been written up, that is, by which they have been appreciated. In many cases they are properly appreciated by the purchase of new fixed assets or the replacements of old fixed assets which are worn out. The accounts which have been kept hitherto under the provisions of the Dominion Companies Act do not permit of a satisfactory investigation. The accountants protested very strongly against the incorporation of such a provision in the 1934 revision as they claim that no conscientious auditor could give a certificate of that kind. I have incorporated in this bill the full recommendation, but I suggest that hon. members should consider whether it should not be limited to writings up within a term of three or four years, which would be ascertainable. In fact under the present amendment we are compelling such a system of accounting as will give very clearly and definitely either in the prospectus or the balance sheet the full particulars required here. I should like hon. members to consider in committee as to whether or not this should not be restricted to a term of three or four years. Clause (c) of subsection 3 of section 112 provides:

(c) If it is shown as a separate item in or is otherwise ascertainable from the books of the company, or from any contract for the sale or purchase of any property, the amount of the goodwill, franchises, patents, copyrights, trade marks, leases, contracts and licences as so shown or ascertained—

We have added the words:

—and the amount, if any, by which the value of any such assets has been written up.

I still think with regard to that item that there should be fixed a term of years, because companies which have been operating for twenty-five, thirty or forty years, with writings-up from year to year, by acquisition of new patents, franchises, trade marks, leases and contracts, which such companies are writing off to a certain extent from year to year when the returns are good, would require such a complicated system of accounting as to render this clause impracticable. Therefore, if it is desired to give effect to a recommendation of that extent, I still think the house should consider whether it should not be restricted to a term of years.

We have not given effect to the clause (c) of the recommendations "so as to show raw materials in process of manufacture." Large industrial companies operating in several different localities allege that they would require to cease operations for several weeks in order to make accurate statements in compliance with this recommendation. Moreover, we see no good reason why such companies should be compelled to disclose at any time to wholesale vendors of the raw materials, which any particular industry consumes, whether its stocks of any raw material are heavy or low, as such information could only prove valuable to the speculators in the wholesale trade in such materials, and we all know that there is a speculative market in all the basic raw materials which enter into the manufacturing industry.

As to the recommendation in clause (e) for the disclosure of executive salaries and bonuses, we have, I think, made full provision in section 18 of the bill, which reads:

18. Subsections one and two of section one hundred and thirteen of the said act are repealed and the following are substituted therefor:—

"113. (1) The statement of income and expenditure to be submitted at the annual meeting shall, subject to the provisions of this section, show as a separate item the total of the amount paid to the directors as remuneration for their services as such directors, inclusive of all fees, percentages, or other emoluments, paid to or receivable by them or from the company or by or from any subsidiary company, exclusive of the amounts paid to a managing director, if any, or any other director who holds any salaried employment or office in the company and who devotes substantially the whole of his time to the business of the company or its subsidiaries.

That clause provides for the disclosure of everything paid to the directors qua directors, and the second clause provides for the disclosure of executive salaries:

(2) The said statement of income and expenditure shall also show separately the total of the amount paid as salaries, bonuses, fees or other remuneration to the counsel, solicitors, or other legal advisers of the company, and also to the executive officers of the company including the managing director, if any, of the company, and any other director who holds any salaried employment or office of the company and who devotes substantially the whole of his time to the business of the company or its subsidiaries."

That is as full and effective a compliance with the recommendations as could possibly be made, but I have received protests against it because this new provision applies to private companies as well as to public companies. My own opinion is that the house should favourably consider some amendment which would make this apply solely to public companies. Where you have private companies, or three or four persons in a town or village operating as a private company under this act, where each knows the other and all are directors as well as shareholders, a provision such as this should not, I think, be made to apply. But expressing the terms of the recommendation, in the bill, we have attempted a full compliance with the recommendations made.

Mr. BOTHWELL: Could not that be limited to public companies?

Mr. CAHAN: I was going to suggest that in committee. I wish the hon. gentleman would consider it, because it certainly should not apply to private companies which have a few thousands dollars capital, operating in country towns and villages, which are prevented from seeking any subscriptions for stock from the public and prevented from selling their stock except to those who are shareholders with them in the same company.

The ninth, tenth and eleventh recommendations are as follows:

9. The prospectus provisions of the present act should be altered to place upon a company and its directors the responsibility for representations made on any offering for general public subscription, whether made on behalf of the company or not. If this change cannot be made through the Companies Act, it should be made a criminal offence to offer for public subscription, securities of a company with federal incorporation, if those securities have not been subjected to the prospectus obligations of the Dominion Companies Act.

10. Every prospectus should be required to state in clear detail all commissions, fees, and other remuneration received by promoters, underwriters or middlemen.

11. Whenever shares are allocated otherwise than through an offer to the public, a statement in lieu of prospectus should, as formerly, be filed. It should also be published in the press and in the Canada Gazette in such a way as to ensure the widest publicity.

At present an "underwriter" is any person who acts as agent of the company in procuring subscriptions for its securities when offered, by or on behalf of the company, to the public for subscription; and "subscription" includes a purchase or other acquisition of such securities, except by way of security only, on any sale or other disposal thereof made by or on behalf of the company. "Prospectus," under the existing act, is any document issued by or on behalf of a company, which invites persons to subscribe for securities of the company. In general, it may be said that any holder of securities who has purchased them outright, in whom the absolute title thereto is vested, is now deemed to be the "owner" of the securities and not an "underwriter" of the securities.

The underwriter of securities, who acquires and becomes vested with absolute title to the securities, is not, under the existing act in respect of his subsequent dealings in such securities, deemed to act as underwriter, but as owner. It has hitherto been accepted by the legal profession that any sales, made by an owner of securities to any other persons who become purchasers thereof, are subject to the exclusive legislative jurisdiction of the provinces; and that the power of the dominion to legislate with respect to the incorporation of companies does not include the right to legislate with respect to subsequent sales of a company's securities after the company has issued, sold and delivered the same to the purchasers thereof who have fully paid for the same. I have a clear and decided opinion that to give full effect to the ninth recommendation would require the enactment of legislation which is not within the legislative jurisdiction of this parliament, and that to attempt to filch the provincial jurisdiction over property and civil rights by the creation of new and unprecedented crimes would, in the end, be equally ineffective.

In drafting section 73 of The Companies Act, 1934, I gave very careful consideration to this issue, and I concluded that clauses (a) and (b) went as far as was within the competency of parliament. These clauses, which appear on page 14, lines 12 to 22 of the new bill, are as follows:

"underwriter" includes (a) any person who to the knowledge of the company, proposes to subscribe for securities of the company with a view to the resale to the public of those securities or a part thereof, and (b) any person to whom a commission is proposed or intended to be paid by the company in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or in consideration of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any securities of the company to be offered to the public for subscription.

That is the present law which is reexpressed in this bill on page 14. The opinion then expressed to me by eminent counsel, in which I concurred, was to the effect that whenever the title to such securities became unconditionally vested in the subscriber or purchaser, then the subsequent dealings of such purchaser fell under the provincial jurisdiction and beyond the legislative jurisdiction of parliament. However, in order to bring before the house this issue and the full implications of the report, I have gone beyond my own professional opinion by proposing in this bill in amendment to section 73 of the existing act a new and unprecedented term to the definition of the word "underwriter" and to include, on page 5 of the bill, line 43 et seq., an additional paragraph (c), as follows, and this is new in any legislation of which I have knowledge:

"Underwriter" includes (c) any person who, in respect of any securities issued or to be issued by the company, has purchased or acquired or agreed to purchase or acquire such securities from the company, or has acquired from the company any option or right of disposal of such securities, with a view to effecting the first distribution of such securities or any of them to the public by advertisement or circular or in the course of successive transactions of a like character; and it shall, unless the contrary be proved, be evidence that such person purchased or acquired or agreed to purchase or acquire such securities or any option or right of disposal aforesaid, with a view to effecting the first distribution to the public of such securities, if it is shown that such person effected or attempted to effect such distribution within six months after such purchase or acquisition or the making of such agreement or that at the date when such distribution is made the whole consideration to be received by the company in respect of such securities has not been so received.

This will require litigation to determine the validity of it, but certainly it gives full effect to the recommendation of the commission. Then, in order to complete that recommendation and to tie it in a double grip, I have also included on page 7 of the bill certain proposed amendments to section 75 of the act, new subsections (4) and (6), which read as follows, and these provisions are new in any legislation:

(4) The company shall not allot or issue any of its securities to or on the direction of any person whose principal business, to the knowledge of the company, is offering, buying, selling or otherwise dealing or trading in shares, debentures or other securities, unless the company shall have first obtained an agreement in writing from such person to comply with the provisions of subsection two of this section;—

That is the previous one which I have read.

—and if and whenever, to the knowledge of the company, any offer to the public of its securities has been or is about to be made without due compliance with the requirements of subsection two of this section by such person, the company shall forthwith cause notice of the particulars of such non-compliance to be given to the Secretary of State by registered mail.

Then follows the penalty in subsection 6:

(6) Any underwriter who offers any securities of a company for public subscription before the provisions of subsection one of this section have been complied with by the company or without causing the provisions of subsection two of this section to be complied with shall be guilty of an offence and liable upon summary conviction to a fine not exceeding one thousand dollars or to imprisonment for a term not exceeding six months or to both fine and imprisonment.

I think we have there utilized to the widest possible extent the criminal law of the country to carry into effect the recommendations made. I still think, if the commission had invited hearings from those interested and had heard the other side of the case, the recommendations might not have been so extreme and severe.

The tenth recommendation as to the disclosure of commission fees, etc., is quite fully provided for in section 77, clauses (j), (k) and (l), of the Companies Act of 1934.

The eleventh recommendation for the revival of the old form of statement in lieu of prospectus, which was abolished by the Companies Act, 1934, should not, in my opinion, be complied with. The statement in lieu of prospectus served to conceal many irregularities. It was deliberately abolished in framing the Companies Act, 1934, because under the present act every public company, that is, every company, except a private company, must issue and file a prospectus if it issues and allots any shares whatsoever to others than the original subscribers to the memorandum of agreement which appears as form 2 to the act. Having exacted a prospectus from all companies when shares are issued to the public, as is now the case, we see no sound reason for recurring to the old practice of requiring the statement in lieu of prospectus, which was so often used to contravent the provision of the act dealing with prospectuses.

The twelfth recommendation, that hereafter all shares issued to the public should be limited to common and preferred shares without any subdivisions, would prevent a company, after issuing preferred shares at the company's inception, when its prospects were doubtful, from thereafter, in times of proven financial success, issuing preferred shares yielding a lesser rate of dividend. We have not carried that into full effect. I do not wish to discuss the affairs of a particular company, but I know within the last few months one industrial company which has a large bond issue outstanding, chiefly held in the English market, received offers to substitute for the debentures outstanding, its capital indebtedness, an issue of its preferred shares. It was of the utmost importance to the company that in times of stress and strain such as these, its debenture indebtedness should be reduced by several million dollars and its capital assets increased by a corresponding amount. When they took the matter into consideration their existing preferred shares bore a dividend rate of eight per cent, if I remember correctly, and they had power under the letters patent to issue other preferred shares ranking with the first issue. But so cheap had money become, and so successful had been the operations of the company, that they were able to procure contracts for the purchase of the new issue of preferred shares yielding a rate of dividend two or three per cent less than the rate on the outstanding preferred shares. If you prevent companies from issuing preferred shares of more than one division or class you prevent absolutely such successful operations as those to which I have referred, which are entirely legitimate and worthy of commendation.

The thirteenth recommendation, that all shares offered, both common and preferred, should bear equal voting rights, is carried into effect in section 16 of this bill, which reads as follows:

The said act is amended by inserting immediately after section ninety-eight thereof the following section:—

"98a. Subject to the provisions of any by-law of the company duly enacted under the provisions of this act, each share of the capital stock of any company issued and allotted, shall, subject to the provisions of this part, carry voting rights and entitle the shareholders to one vote for each such share owned by him."

Well, sir, the object of that recommendation is obviously meritorious, or would seem so to the mind that conceived it. But, can you see any sound reason why the holder of a common share of $5 par value, for which five dollars has been paid, should necessarily have the same voting rights as a holder of a preferred share of $100 in the same company? That is a suggestion which I should like hon. gentlemen to take into consideration when they enter upon the discussion of the several clauses of this bill.

The fourteenth recommendation, is to the effect that management shares should be prohibited. This recommendation is carried into effect by section 5 of the bill, which enacts a new subsection 10 to section 12 of the act, reading as follows:

(10) In no case shall shares of the company of any class, or any subdivision of any class, whether with or without par value, be issued and allotted to which shall attach any exclusive right to control the management of the business or affairs of the company by the election or removal of the board of directors thereof or otherwise.

As I drafted that section I thought it might be opportune for me to go back again to practice of the legal profession, because I am sure I could find half a dozen ways to get around it. But it is the best effort to carry completely into effect the recommendations of the committee that I could conceive of.

The fifteenth recommendation, that a meeting of the shareholders should be called by the directors in case of serious impairment of the capital of the company, is carried into effect, so far as practicable by section 14 of this bill, which reads as follows:

The said act is amended by inserting immediately after section ninety-four thereof the following section:—

"94a. Whenever the officers of a company, or any of them shall have become aware of any impairment of the capital of the company, they shall forthwith inform the directors of the nature and extent of such impairment; and thereupon, if in the opinion of the directors such impairment of its capital renders the company insolvent, it shall be the duty of the directors immediately to call a special general meeting of the shareholders of the company for the purpose of making to the shareholders full disclosure of the nature and extent of such impairment of the capital of the company."

You must remember that any impairment whether of the company's capital should not be sufficient cause to place the whole assets of the company in jeopardy, as you would do in calling such a meeting; therefore it should be only such an impairment as affects the solvency of the company. I have known in my experience a company to drop $3,000,000 in twenty-four hours. If you called the shareholders together you would cause a panic. But by giving careful attention to the matter, inasmuch as the loss itself did not impair the solvency of the company, the directors were able to take effective measures to place the company on a sound basis for successful operation. I suggest that I have carried into effect as far as possible and practicable the recommendations of the commission.

[Mr. Cahan.]

The sixteenth recommendation, that the first permanent directors of a company should be held responsible for all business transacted by the provisional directors, is carried into effect by section 13 of this bill, as follows:

The said act is amended by adding to section eighty-eight the following subsection:—

"(2) The directors of the company elected by the shareholders at the first general meeting of the company shall be responsible for all business transacted as a board of directors by the first directors of the company."

The seventeenth recommendation is that:

Directors should be prohibited from speculating in the shares of their companies. They should be required to disclose annually to their shareholders the extent to which they have directly or indirectly purchased or sold their company's shares during the year.

I have known of speculation by directors in the shares of their company for the purpose of maintaining the company's reputation and preventing outside speculators from depreciating the value of its shares in the market in such a way as to ruin shareholders who were widely separated and unable to protect themselves. Speculation in the market may be evil or it may be of real advantage to the other shareholders of the company. But in view of this recommendation section 15 is inserted in the bill, reading as follows:

The said act is amended by inserting immediately after section ninety-six thereof the two following sections:—

"96a. (1) Every director shall furnish annually to the secretary, for the information of the shareholders of the company at the annual general meeting thereof, a statement setting forth in detail all shares or other securities of the company bought or sold by him, for his personal account, directly or indirectly, during the twelve months immediately preceding such annual meeting.

(2) No director of a company shall speculate, for his personal account, directly or indirectly, in the shares or other securities of the company of which he is a director.

(3) "Speculate" as used in this section means trading in securities in the course of successive and continuous acts; selling a security where the director does not own the security sold, or, if owning the security, does not deliver it against such sale within twenty days thereafter, or does not deliver the same within five days after such sale by depositing it in the mails or other usual channels of transportation; or selling securities not previously held by such director for at least three months, unless such securities were acquired in good faith in connection with a debt, obligation or liability of some other person previously contracted; or unless the director proves that such sale was made bona fide for reasons other than to affect the market price of such securities or the making of a profit by such sale.

Other hon. members of the house may be able to agree on a more exact definition of

the term "speculation", but it is beyond me. The fourth clause imposes a penalty:

(4) Every director who neglects or fails to make a true and accurate statement of such transactions as required by subsection one of this section, shall be guilty of an offence and liable on summary conviction to a fine not exceeding one thousand dollars or to six months imprisonment or to both fine and imprisonment.

(5) Every director, who shall speculate, for his personal account, directly or indirectly, in the shares or other securities of the company of which he is a director in contravention of subsection two of this section, shall be guilty of an offence and liable on summary conviction to a fine not exceeding one thousand dollars or to six months imprisonment or to both fine and imprisonment.

After drafting this clause I began to meditate as to why any person should be so foolish as to undertake the office of director of a commercial or industrial company and render himself liable to such penalties as these.

With reference to the recommendation of provisions to prevent stock watering, so called, section 15 of this bill contains a proposed amendment to the act by inserting a new subsection 96b.

Mr. STEWART (Edmonton): Would the minister mind reading the new section? I am very much interested in that.

Mr. CAHAN: The section reads:

"96b. (1) It shall not be lawful for the directors or promoters of a company to authorize the issue and allotment of any shares of the capital stock of the company as fully paid up unless the company receives, or is to receive what may justly be deemed, in all the circumstances of the case, adequate consideration therefor in cash, property or services.

(2) Subject as hereinafter provided, every director or promoter of a company who is a party to authorizing the issue and allotment of any shares of the capital stock of the company as fully paid up shall be liable, jointly and severally with his codirectors, at the suit of any director, shareholder or creditor of the company, to make good to the company the amount by which the consideration actually received by the company for any shares so issued and allotted as aforesaid, is found by the court, after full inquiry into the circumstances of the transaction, to be less than the amount of the consideration which the company ought to have received for such shares, if it is proved, as to any such first mentioned director, that such director

(a) had knowledge of the inadequacy of the consideration so received by the company; or

(b) failed to take reasonable steps to ascertain whether the consideration so received by the company was in fact adequate consideration.

(3) No suit shall be commenced against the directors of a company or any of them under the authority of subsection two of this section by any director or shareholder of the company without the consent in writing of the Secretary of State; and no such suit shall be commenced by any creditor of the company until an execution at the suit of such creditor against the company has been returned unsatisfied in whole or in part.

The next subsection provides an exception, which was recommended by the commission.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY

The house in committee on Bill No. 97, respecting the Portage la Prairie Mutual Insurance Company—Mr. Willis—Mr. Morand in the chair.

On section 1—Incorporation.

Mr. McPHEE: I have just seen this bill for the first time this afternoon and there appears to be a very considerable change in its meaning and purport. For instance, section 2 of the old act reads:

Any policyholder who holds a policy or policies to the amount of at least one thousand dollars who is not in default in respect of any premium or any assessment on his deposit or premium note and who has paid in cash all liabilities incurred by him to the company shall be eligible to be elected as a director, but he shall cease to be such director if the amount of his insurance as aforesaid becomes reduced below the sum of one thousand dollars.

The new section changes the whole tenor of the act. It reads:

Any policyholder on the mutual system or cash system who holds a policy or policies to the amount of at least one thousand dollars who is not in default in respect of any assessment on his deposit or premium note and who has paid in cash all liabilities incurred by him to the company shall be eligible to be elected as a director, but he shall cease to be such director if the amount of his insurance as aforesaid becomes reduced below the sum of one thousand dollars.

The sponsor of the bill can no doubt throw some light on the matter. I think the committee is entitled to a full explanation as to the reason for this change and as to what is meant by the mutual or cash system inserted in this new bill. I would ask the sponsor to give a full explanation not only of the changes but of the reason for the changes and all the circumstances surrounding the matter.

Mr. WILLIS: The purpose of the bill is to place the control of the company in the hands of the premium note policyholders. The company operates under two different systems of policies. That is to say, a man

who desires insurance in this company may pay a cash premium for which he will get a policy, and in that connection there will be no contingent liability. He has paid his cash premium and he gets the benefits indicated in his policy. On the other hand, if he proceeds on the premium note plan he signs a premium note and subsequently he is assessed for the amount of the losses of the company as apportioned among the policyholders. It will therefore be seen that the premium note policyholder has a contingent liability. He may be assessed up to the full amount of the note; in other words, he is liable for his proportionate share of the losses of the company during that year, but the cash policyholder has no contingent liability. He has paid for something for which he receives a policy which indicates the benefits to which he is entitled.

The purpose of the amendments is to place control of the company in the hands of the mutual policyholders who are on the premium note plan in view of the fact that they have a contingent liability and have to pay the losses. The bill itself merely indicates two things. It indicates first that those who hold cash premium policies may be elected as directors. Secondly it indicates that only those who are under the other plan, the premium note plan, may vote and elect such directors.

I may say that the bill was considered by the senate committee, where it was approved by Mr. Finlayson, the superintendent of insurance who attended there, and also by the banking and commerce committee of this house where again Mr. Finlayson attended. The bill now before the house is similar to one which was passed here last year respecting the Wawanesa Mutual Insurance Company. There is little more I can say in connection with the bill except to point out that the Portage la Prairie Mutual Insurance Company is one of the oldest mutual insurance companies in Canada. It was incorporated in 1884, received dominion incorporation in 1930, operates in all the provinces of Canada except the maritimes, and has some $65,000,000 of insurance in force. The present bill has received the approval of the superintendent of insurance, the approval of the senate committee and the approval of the banking and commerce committee of this house, and I think it should go through this house without any difficulty.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

Bill reported, read the third time and passed.

[Mr. Willis.]

WAPITI INSURANCE COMPANY

The house in committee on Bill No. 87, respecting the Wapiti Insurance Company—Mr. Weir (Macdonald)—Mr. Morand in the chair.

On section 1—Extension of time.

Mr. DUFF: May we have an explanation of this bill?

Mr. WEIR (Macdonald): The explanation of this bill is contained in the explanatory notes attached to it. Its purpose is to restore in force the act incorporating the Wapiti Insurance Company, chapter eighty-four of the statutes of Canada, 1929, which expired on May 1, 1933, under the provisions of the Insurance Act, and an act respecting the Wapiti Insurance Company, chapter seventy-four of the statutes of Canada, 1931, section 2, and in this way permit the Department of Insurance to issue its dominion licence to a Canadian rather than a provincial company.

This company has had a provincial charter for some time. In 1929 it applied for a dominion charter. It was unable to take out its dominion licence at that time, and in fact was unable to do so at the expiry date two years later. An extension of time was granted by act of parliament in 1931 but owing to the continuance of the depression the company was still unable to make the necessary arrangement to go ahead under dominion charter. It contemplated continuing as a provincial company and operating with a dominion licence only. On taking the matter up with the superintendent of insurance at Ottawa it was suggested that they should apply for a renewal of their dominion charter rather than continue as a provincial company. This was done. The reason for the delay in having the bill introduced in the House of Commons was that the proposal for a renewal of their dominion charter had to be approved at an annual meeting of the company, which could not be held until some time in February. The bill has already been before the committee of the senate and received its approval, also the approval of the banking and commerce committee of this house, and the approval of the superintendent of insurance. I understand that the company is now in a position to go ahead and reorganize, and this is merely to reinstate the company under a dominion charter and under the jurisdiction of the Dominion Department of Insurance.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

FOREIGN INSURANCE COMPANIES

The house resumed from Tuesday, May 28, consideration in committee of Bill No. 14, to amend the Foreign Insurance Companies Act, 1932—Mr. Coote—Mr. Morand in the chair.

On section 1—surrender of policy.

Mr. COOTE: Mr. Chairman, when we were considering this bill or the companion bill last week the Prime Minister (Mr. Bennett) made a statement to the effect that the insurance companies had expressed a willingness to file with the superintendent of insurance an agreement that the rate of interest on policy loans would not exceed six per cent. Since that statement was made I have been in consultation with the superintendent of insurance and I understand that the offer of the insurance companies was that if the amendment moved by the hon. member for Mount Royal (Mr. White) was passed, rather than have this bill placed upon the statute book they would give a guarantee that they would not charge any rate of interest in excess of six per cent. At that time I did not know whether any correspondence had been placed in the hands of the Prime Minister other than the letter to which I have just referred, but it was intimated to me to-day that another letter had been written to him. I have not been made acquainted with the contents of that letter and I do not know whether it is in the same terms as the previous one.

This bill, which received a good majority vote in the banking committee, asks for a maximum rate of five per cent. I find myself in a difficult position in deciding whether I should accept the suggestion of the Prime Minister and withdraw the bill in order to secure the concession which the insurance companies have offered. I realize that to those indebted to the companies under a loan which was automatically advanced there would be a very distinct concession made in that regard. The policyholders who have borrowed under that method would be offered a considerable saving but at the same time I feel that as the bill has gone so far an opportunity should be given to hon. members to indicate their opinion in committee of the whole before it is withdrawn. I should like to have any hon. members who have decided opinions on this matter indicate whether they think the amendment of the hon. member for Mount Royal should be accepted. If possible I should like to see this bill discussed for at least a portion of the hour devoted to private and public bills.

I read very carefully the statement which the Prime Minister made last week and I cannot see that the bill as introduced interferes with any contract. Mr. Rowell suggested to the committee that in the case of loans made under the automatic advance provisions of a policy, the policy itself would be the contract between the borrower and the insurance company. But this bill exempts that type of loan from its operations and I think I am safe in saying that the bill now before us does not interfere with any contract. I believe in most policies the paragraph relating to the rate of interest at which loans may be made is generally worded to the effect that the rate of interest shall not exceed a certain per cent. There is no fixed rate mentioned in the contract, and speaking as a layman I cannot see how this bill could be regarded as interfering in any way with any contract.

I believe the rate of interest now being charged by the companies is so high as to be unfair to the borrower because in effect he is only borrowing his own money. Such a loan is not very much different from a loan made to a savings bank depositor. Such a man may have $5,000 in his savings account which he does not want to touch. He may go to the bank and ask to borrow $1,000 and tell the bank that they can earmark that amount in his savings account and hold it as guarantee for the loan. It may seem strange to hon. members but I know that such loans are made by banks to men who have savings accounts which for certain reasons they do not want to draw against. It seems to me that a loan under a policy is very much of that nature, and it does seem that at this time, with the low interest rates prevailing, we should not be doing the insurance companies any injustice if we enacted that the maximum rate they could charge should be five per cent. I would rather secure the concession which the insurance companies have offered than have nothing at all, but before going so far as to ask the leave of the house to withdraw the bill—I realize that it would call for unanimous consent—I should be glad if any members of the committee who have any opinion to express with regard to the matter would state their views, and if necessary at a later stage I would move that the committee rise and report progress or if it were preferred—indeed it would meet my wishes—the committee might take a vote on the amendment of the hon. member for Mount Royal. So far as I am personally concerned, I should then have a much clearer view of the course I ought to pursue.

Mr. DUFF: This bill as amended is not in the hands of members of the committee and consequently should not be proceeded with. I submit that there should be a copy in the hands of every member.

Mr. COOTE: I am quite sure there are printed copies available.

The CHAIRMAN: I am advised that there are only fifty copies.

Mr. POULIOT: Is the bill translated into French? If not, I object to going on.

The CHAIRMAN: There are copies in French.

Mr. DUFF: Let it stand.

Mr. SPENCER: I understand that not only has it been printed in French but copies have been distributed to members. A copy is on my file.

The CHAIRMAN: I am advised that there were fifty copies printed and they have been distributed.

Mr. DUFF: I think it should stand.

Mr. SPENCER: I sincerely support the bill sponsored by the hon. member. The feeling in the committee when the bill came before us was distinctly in favour of lower rates of interest.

Mr. DUFF: I submit that we should not proceed with the bill until we have copies of it as amended in our hands.

Mr. SPENCER: Could we not have the bill distributed so that we might go ahead with it?

The CHAIRMAN: There are no further copies in the distribution office at the present time. Shall the bill stand?

Mr. DUFF: Stands.

Mr. SPENCER: We had a week for the bills to be distributed, and any member interested enough in it could have got a copy.

Mr. POULIOT: We cannot run after bills; they must be distributed in the ordinary way.

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

Mr. SPENCER: As the hon. member who is responsible for the bill has pointed out, in the committee and since on the floor of the house, the money that is being borrowed by policyholders is nothing more or less than their own money. The insurance companies are taking no risk at all, and the investments of the companies are not bringing in nearly as much as is being charged by them to their borrowers. I think there are very good reasons why we should stipulate a definite amount of interest, and that five per cent and no more shall be paid by borrowers. Moreover, the higher the rate the poorer the risk, and the policy is then not of as great a

[Mr. Duff.]

value to the company; and that is distinctly true also as regards the owner of the policy, because the greater the amount of interest to be paid the less possibility there is of the borrower being able to keep the policy in shape. I do think that the hon. member for Macleod has done a great service in bringing this matter to the house and asking that the interest rate on loans made by insurance companies to policyholders should be cut down in line with the rates that are being charged to-day for borrowed money.

Mr. COOTE: May I ask the Prime Minister whether a written proposal has been placed in his hands by the Life Insurance Underwriters' Association in addition to the letter sent to the Minister of Finance.

Mr. BENNETT: I explained the situation the other evening when I indicated why the government was of the opinion that a bill such as this should not be passed, and I also intimated that the representatives of the insurance companies had filed with the Minister of Finance an undertaking to the effect indicated just now by the hon. member for Macleod. The representatives of the insurance companies stated that they would file a formal agreement in terms to be satisfactory to the Department of Finance and the Superintendent of Insurance, and an undertaking to that effect has been given. If the bill were withdrawn the reasons that apply to its not being proceeded with, as stated by me the other evening, apply with equal force to the amendment of the hon. member for Mount Royal (Mr. White). It is the principle of imposing an obligation upon either the company or the policyholder at variance with the contract entered into between them which I was speaking of the other evening. That is what I was discussing, and the effect upon the credit of the country generally. And especially is that so with respect to companies carrying on business in Canada, registered under the provisions of the statute. I am indebted to the chairman for a copy of the amended proposal, which reads:

(1) No company shall charge, stipulate for, or recover as interest in respect of any loan made to any person on a policy of insurance issued or effected upon the life of any person resident in Canada at the time the policy was issued or effected, any amount in excess of five per centum per annum, compounded annually, on the balance of the loan from time to time unpaid by the borrower.

That covers all expenses.

(3) This section shall not apply to any loan or unpaid balance thereof made under an agreement executed, or advanced automatically under any policy issued, before the first day of January, 1936.

So that its provisions do not become retroactive except from the first day of January, affecting no agreement that might be outstanding, carrying any rate of interest, and would automatically reduce the rate to five per cent. Apart from the question of jurisdiction, which is a delicate matter that has been discussed so often in this house and in the privy council, the other question still remains an integral part of the proposal, namely:

> This section shall not apply to any loan or unpaid balance thereof made under an agreement executed, or advanced automatically under any policy issued, before the first day of January, 1936.

It still has that effect on contracts that might be outstanding with respect to it. I think, however, I should say this to the hon. gentleman, from what was stated to me, that the companies would be prepared to execute with the Minister of Finance or the Superintendent of Insurance, whoever is the appropriate person, an agreement in the terms suggested, which he himself inspected at the office of the Superintendent of Insurance, reserving an interest rate not exceeding six per cent. May I say to the hon. gentleman that I think if he accepts the proposal, undoubtedly the agitation will be such that the companies will probably reduce the rate to five per cent in another year. Personally I think the companies should charge not more than five per cent; I am wholly in accord with that view. That is one matter. Another is how to effect this. Having regard to the conditions that exist, I cannot endeavour to impose the will of parliament upon parties who make the rates.

I do not intend to traverse the ground I covered the other evening, but I believe as a result of what the hon. gentleman has done, if he accepts the agreement and does not limit it as to time, the agitation that will be carried on will be sufficient to make the rate not exceeding five per cent rather than not exceeding six. That is my personal view about the matter. If it is not possible for the hon. gentleman to accept the proposal suggested, I would make a motion that the committee rise. If the committee did rise, that would be a short way of ending the difficulty.

Mr. COOTE: I wanted to make sure that I was not labouring under a wrong impression as to the attitude of the companies, and all that I had seen was the letter which was sent from them to the Minister of Finance, but I inferred from what I heard to-day that maybe a further letter was in the hands of the Prime Minister, and that is the reason I asked the question. If I am in order, Mr. Chairman, and so that I may have a chance of again discussing the matter with the superintendent of insurance and possibly also with the Prime Minister, I would move that the committee rise, report progress and ask leave to sit again. If that motion is accepted, that will leave the matter open.

Progress reported.

COMPANIES ACT, 1934, AMENDMENT

CONTINUATION OF DEBATE ON THE MOTION OF MR. CAHAN FOR SECOND READING

The house resumed consideration of the motion of Mr. Cahan for the second reading of Bill No. 85, to amend the Companies Act, 1934.

Mr. CAHAN: When the house rose, I was discussing a recommendation with respect to the prevention of stock watering. This is carried out in section 15 of the bill which contains a proposed amendment to the act by inserting a new section 96B. As I stated, section 96B in terms applies to private as well as public companies. When the bill comes before a committee of the whole house, I will suggest to the committee that this section might be amended by inserting the word "public" before company, because I do not conceive that the commission intended that this should apply to small and insignificant private companies.

There is also in section 96B, subsection 4, a provision to carry out the recommendation of the commission that this section shall not apply to any mining company. I thought it necessary however to attempt a definition of "mining company" in order that there might be no misapprehension as to the application and meaning of those words. Therefore in subsection 4 I have defined "mining company" as:

> Any company whose principal objects are the exploration, development or operation of mining properties and which, if it has commenced actual operations, is carrying out such objects as its principal business.

I have defined "mining properties" as follows:

> "Mining properties" includes mines, mining deposits, mining rights, metalliferous lands, mining claims or any interest therein including any option or licence in connection therewith.

I have attempted to give as precise a definition of "mining companies" and "mining properties" as I could under the circumstances, and I think the definition is quite clear. Personally I have sometimes found it difficult to understand the qualification in the report which states that mining companies are

highly speculative. My experience is that most commercial and industrial companies are equally as speculative as are mining companies. If one could at the outset foresee the success of one of those other companies, it would be quite possible to accumulate a fortune in a short time. My own ventures have not been so successful, and I have often found that those companies, which I have regarded as most reliable and as having sure prospects of success, have been those which under adverse circumstances such as have existed during the past four or five years, have proved in fact highly speculative. There is no sure venture in either finance, industry, commerce or trade.

The final recommendation is this, that the whole trend of law should be toward putting the managers and directors in a trustee capacity with respect to all of the security holders. I think the English law which prevails in this country places the directors in the position of trustees, and I have not sought to give in this bill expression to that recommendation.

Certain suggestions have come to me since this bill was published. A number of the larger companies have already arranged to hold their annual meetings and have prepared at great expense, on the basis of the accounting provisions of the existing act, their accounts for the present year, ending many of them on July 1. Therefore they feel somewhat apprehensive that this bill may be brought into force immediately they think there should be a lapse of time of thirty days; indeed some of them would like a lapse of sixty days after the bill is enacted before it comes into force, and I shall ask the house in committee to consider whether such a section should not be added bringing the whole or parts of this bill into effect by proclamation.

All I can add is that we have endeavoured as best we can to bring before the house the recommendations of this commission in such form as may be easily understandable, with such correct definitions as we were able to devise. Therefore we leave it entirely to the judgment of the house on second reading and in committee, when the several sections of the bill may be more carefully considered.

Mr. C. E. BOTHWELL (Swift Current): While I intend to support the second reading of this bill, there are a few observations I should like to make before it goes to the committee. The Secretary of State (Mr. Cahan) in moving the second reading stated that he was somewhat in doubt as to the right of the price spreads commission to make the recommendations that they did.

[Mr. Cahan.]

The scope of the inquiry of that commission was a pretty broad one, and in the inquiries they made I have no doubt they came to the conclusion that many of the evils from which we are suffering are attributable to faulty legislation under our Dominion Companies Act. Therefore in endeavouring to carry out the duty imposed upon them by the order setting up the commission they investigated as far as they could what had been reported or what appeared to them to be wrong with the company legislation, and as a result of that inquiry made certain recommendations. Not only has it appeared to the members of that commission that there is something wrong with our company legislation; it has appeared so to many others throughout the country. In fact before the report of the price spreads commission was brought down, the Prime Minister (Mr. Bennett), in one of his radio addresses, I think the fourth, used these words:

> Our Dominion Companies Act will, therefore, have to be strengthened. There must be drastic simplification of capital structure so that the investor will be able to understand the nature of the stock or security he is purchasing. At the next session of parliament, the Companies Act will be amended so as to abolish the right to issue shares of no par value.

The price spreads commission—

Mr. BENNETT: Took a different view.

Mr. BOTHWELL: —at page 39 of their report, after reciting certain difficulties that they believed existed, and also referring to constitutional questions that might arise, used these words:

> But whatever may be the solution of this constitutional problem, it is clear that growing public resentment necessitates further social control of the financial operations of companies. Accordingly, it is urged here that, within its legal competence, the dominion should to the very limit give leadership with a strict act. We feel that the prestige of a dominion incorporation is such that the provinces will follow such a lead.

The Secretary of State, apparently taking that as the basis of the situation was quite prepared to consider favourably the recommendations that they made, and although he has stated that many of these recommendations do not meet with his ideas, he nevertheless has brought them to the house for consideration. In doing that, although it may be an extraordinary proceeding, he has given us an opportunity of discussing the various recommendations.

At page 40 of their report the price spreads commission, in dealing with suggested amendments, say:

Therefore, in an effort to remedy some of the abuses discussed in the previous sections of this chapter, and pending some satisfactory solution of the problem of uniformity, we recommend certain changes to the Dominion Companies Act, irrespective of what the provinces may do.

These changes are based on the assumption that limited liability company legislation involves three sets of obligations, as follows:

a. upon the company to create a non-withdrawable fund of capital, which would operate as security for bondholders, for creditors and shareholders.

And a little further down on the same page:

To strengthen and make more effective the first obligation, we recommend either the abolition of shares of no par value, or the requirement that the full consideration received for no par value shares would be credited to the capital account.

And further on:

The alternative proposal to complete prohibition, namely, the abolition of the right to allocate any part of the consideration received for an issue of no par shares to distributable surplus, would achieve the same objective.

In the amendments that have been brought down it appears to me—and I have gone through them carefully—that those recommendations have not been carried out. The no par value share is still permitted, and the distributable surplus is still permitted. Under section 4 of the bill provision is made in these words:

In the absence of other provisions in that behalf in the letters patent, supplementary letters patent or by-laws of the company, the issue and allotment of shares without nominal or par value may be made from time to time for such consideration as may be fixed by the board of directors of the company; and in fixing the amount of such consideration, the board, subject to the provisions of this part, may provide in the contract of subscription for such shares that the consideration received therefor shall be deemed to be capital, excepting a part, if any, not exceeding twenty-five per centum thereof, which shall be set aside as distributable surplus;

In regard to this question of distributable surplus it strikes me that that provision of the bill now before us will permit a company, immediately after it is incorporated, before it has been able to earn anything out of which to pay dividends, to use twenty-five per cent of its capital set-up for the purpose of paying dividends. That is the effect of it. To that extent the company starts out by paying part of its capital back to bondholders or shareholders or whoever shares in these dividends—in other words, starts out depleting its capital. Surely there can be no excuse for that. I heard the comment of the Secretary of State on the point this afternoon, but it does seem to me, as it does to many writers on the subject, that here is no excuse for such a proceeding. There may be an argument in favour of no par shares; it seems to be a debatable question, but it would seem that the power to issue no par shares gives to promoters of a certain class just the opportunity they are looking for in order to pour water into the company. A no par value share is an elastic sort of thing. It is something like a rubber ruler. This was discussed last year when the bill was before the house; a full description was given of what can be done by a company with no par value shares, and I do not intend to repeat the arguments that were used at that time. The minister has had them put to him, and he is still opposed to amending the act to do away with no par value shares.

The next suggestion to which I should like to refer is found at page 42 of the report of the commission:

It is well known that a company customarily sells its shares, not to the public either direct or through agencies, but outright to an investment house. The investment dealer, in retailing the securities to the public, is not acting on behalf of the company, but is selling its own property and is not, therefore, subject to the new prospectus clauses. This, to a great extent, nullifies their value and should be altered.

The amendment made to section 73 of the act seems to provide for that; I think the minister has endeavoured to carry out fully the recommendation of the committee in that respect. Then on the same page I find this statement:

Furthermore, we believe that every prospectus should state in clear detail all commissions, fees and other remuneration received by the promoters, underwriters or middlemen. The net consideration received or to be received by the company should be clear to the investor.

So far as I can find out that recommendation has not been implemented in any way.

Mr. CAHAN: If the hon. gentleman will allow me, I do not intend to discuss these clauses at length, but those matters are dealt within the balance sheet, and the balance sheet must be incorporated in the prospectus, so that whoever made that suggestion had not carefully read the provisions of the 1934 act. I assure the hon. gentleman that now they must appear in the prospectus which is issued. If he looks into the matter I am sure he will agree with me.

Mr. BOTHWELL: I am glad to have that explanation from the minister, and as we go through the bill in detail in committee no doubt other matters that may not be clear to us at the moment will be explained. The

next recommendation to which I wish to refer is at the bottom of page 42:

We recommend also that steps should be taken to simplify the capital structure of corporations, by limiting the classes of shares that may be henceforth offered to the public, to common and preferred—without any of the numerous subdivisions that now so often confuse and mislead the investor, and facilitate the concentration of control in the hands of entrepreneurial groups. Allied to this provision would be a stipulation that every share offered, both common and preferred, should bear equal voting rights. Management shares should be prohibited.

Some of the recommendations contained in that paragraph have been carried out. It is recommended that management shares should be prohibited; that has been provided for. Equal voting rights as between common and preferred shares is also provided for, but I am opposed both to the recommendation of the committee and to the amendment as it now exists.

Mr. MACKENZIE (Vancouver): So is the minister.

Mr. BOTHWELL: Yes, I believe the minister also said he was opposed to that. Equal voting rights are given the shares no matter what may be their denomination. It does seem to me that voting rights should be based in some way on the value represented by the share, and not on the share itself. In the first part of that recommendation the commission have asked that the classes of shares be limited. So far as I have been able to read these amendments, the only class of share that is eliminated is the deferred share.

Mr. CAHAN: There are only two other classes, common and preferred.

Mr. BOTHWELL: We have the common and preferred shares and we have all the classes that we had under the old act.

Mr. CAHAN: We have only the common and preferred now.

Mr. BOTHWELL: Yes, but there are various classes of preferred shares.

Mr. CAHAN: Would it not be better to discuss these matters as we reach the various sections in committee?

Mr. BOTHWELL: Possibly it would be, and we will discuss them as we come to them, but I am mentioning these points now because they may clear up some matters in my mind before we give the bill second reading, and it may save time in committee. Then I read from page 43:

The duty of investigating and determining the adequacy of such consideration, where such adequacy is involved in any litigation, should be placed squarely on the courts.

That has reference to section 96B, to which the minister has referred so often, and that can be dealt with in committee. Then I read from the middle of page 44:

Moreover, creditorship securities are now occasionally issued with such designations that they convey the impression that they constitute a lien or charge on property when in fact they are merely unsecured obligations ranking with other similar unsecured debts of the company. The proposed board should prohibit this practice.

No board has been set up; under the amendments apparently the Secretary of State takes the place of the board that was suggested by the price spreads commission. Then at page 45 they say:

We therefore recommend legislation making appraisal companies liable in damages to any one suffering loss through the purchase of stock, to which purchase any such appraisal has contributed, if it can be shown that such appraisal was untrue in any material part, and that it was issued or published by the appraisal company (a) without honest belief in its accuracy, or (b) without such company having first taken all reasonable means to verify the accuracy of the facts or opinions contained in the appraisal.

Mr. CAHAN: Is that not the law now?

Mr. BOTHWELL: Pursuant to that recommendation an amendment has been drawn up providing that actions for damages are permitted, but such actions can be taken only after securing the consent of the Secretary of State.

Mr. CAHAN: I do not like to interrupt, but that section does not apply to actions for damages against an appraisal company. This Companies Act does not deal with appraisals. Under the common law as it prevails in this dominion, if an appraisal company wrongfully puts out an erroneous statement it is liable to all who suffer damages by reason of that statement.

Mr. BOTHWELL: Reading the report of the price spreads commission one gets the impression that the members of that commission became convinced of the fact that appraisal companies were materially assisting in—I do not think this is too strong a word—fleecing the public, by not having regard to the ordinary ethics of business in making their appraisals. So it does seem to me that if this difficulty has crept into our business practice these appraisal companies should be bonded or very severe penalties should be provided for false appraisals or false reports on appraisals made by the company.

I should like to say just a few more words particularly in connection with sections 5, 15, 16 and 20. In section 5 I find these words:

> In no case shall any shares, whether common or preferred, or whether with or without nominal or par value, be issued and allotted as fully or partly paid up for less than what may justly be deemed in all the circumstances of the case adequate consideration—

I hardly know what you can take out of those words, "what may justly be deemed in all the circumstances of the case adequate consideration," or how wide be their scope. It seems to me that a simpler expression could be used in dealing with the consideration for shares that are being allotted. Surely the time has come in the history of this country when if men are able to form corporations and go out and sell their stock to the public, the public have a right to expect that either dollars or dollars' worth are going into the company, and not simply "what may justly be deemed in all the circumstances of the case adequate consideration." We know of cases of incorporations—they will be found in any book of company law—where assets properly purchased for a few hundred or a few thousand dollars were then sold to the company at greatly enhanced prices and yet they were called "adequate considerations."

Mr. CAHAN: But I used the very words of the report.

Mr. BOTHWELL: I am not staying with the report in that connection. I believe that the making of the report would be a matter of compromise between the various parties to it, and while it makes suggestions this house is in a position to improve on those suggestions if it is possible for it to do so.

Mr. CAHAN: Certainly.

Mr. BOTHWELL: Those words "deemed in all the circumstances of the case adequate consideration" may not mean dollars at all, but that is what the shareholders of the company will expect is going into the company—dollars or dollars' worth. I think that the Secretary of State will know that in the past the courts have refused to go back of what the directors have said was adequate consideration. If they the directors say that a lot bought for a thousand dollars and turned in to the company at ten thousand dollars, was at an adequate consideration the court then says the directors having decided that, we will not interfere.

Mr. CAHAN: I have read fairly well the decisions of the courts in Canada for pretty nearly fifty years, and I have never met such a case. I would like to be shown it.

Mr. BOTHWELL: I do not think we shall have any difficulty in doing that before we are through. If the minister would like to see these cases I will refer him to them. I have notes of them here.

Then in section 15 of the act, 96B, we have these words again, dealing with adequate consideration for fully paid shares: "or is to receive what may justly be deemed, in all the circumstances of the case, adequate consideration therefor in cash, property or services." It does seem to me that the shareholders of the company and the public itself that is reading its reports and helping to pay for the stock in order to earn dividends for the company are entitled to know that that company is operating on a sound basis and not on watered stock. Where you see words like that I can readily anticipate what arguments will be advanced in the courts of this country, and I am very doubtful if a judge will be able to say that dollars or dollars' worth are there.

Then it appears to me that section 16 of the bill is very weak. It says:

> Subject to the provisions of any by-law of the company duly enacted under the provisions of this act, each share of the capital stock of any company issued and allotted shall, subject to the provisions of this part, carry voting rights and entitle the shareholder to one vote for each such share owned by him.

I have referred before to voting on the value of the share instead of on each share, but here it says "subject to the provisions of any by-law of the company duly enacted under the provisions of this act." Surely it is possible there for the company to do anything they like in connection with these voting rights. Then of course there is the other objection to which I have referred. Section 20 provides that certain provisions of the act—

> —"shall not apply to any company to which part one of the principal act is made applicable ... nor to any company incorporated under the principal act prior to the coming into force of this act, and every such company shall continue to be subject to the provisions of the principal act which shall, as regards such companies, be and be deemed to be in full force and effect in the same manner as if the foregoing sections of this act had not been enacted.

Now what the price spreads commission found was that certain abuses had crept into business through our Companies Act, and they made recommendations which they thought would tend to abolish those abuses. But some of the most effective sections of this bill are going to apply not to the companies that have been sinning in the past but only to companies incorporated after the coming into force of the act. Surely these provisions ought to be made to apply to acts

committed by existing companies after the coming into force of this act instead of exempting them altogether.

I am throwing out these suggestions on the second reading, before we get into committee of the whole on the bill, because personally I am very much in sympathy with the move made by the price spreads commission, although I am not in agreement with everything they said. Most of their recommendations that are of value in controlling a certain type of predatory incorporation were recommended to the minister last year when the main act was being put through. I am only expressing at this time the hope that they will be embodied in the bill and that we shall endeavour to cure the abuses which the price spreads commission found to exist.

PRIVILEGE—MR. RALSTON

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I rise to a question of privilege. This afternoon when I was not in the house I understood that the Prime Minister (Mr. Bennett) delivered an address in which he intimated that I had accepted a brief and that something was represented on the back of that brief, which only means one thing in legal parlance. The custom is among lawyers, particularly in the old country, for a solicitor to furnish a brief to counsel and on the back of that brief to endorse an amount indicating the fee. The imputation which my right hon. friend has made is absolutely unfair, unjust and wholly false, and I submit that it is unworthy of any member of the house, and particularly of the Prime Minister, who is a distinguished member of the bar. I can only think that it was done perhaps in the heat of debate. But I myself have endeavoured to observe the amenities of debate in the past. I have not hit below the belt as my right hon. friend did this afternoon. I call on him to withdraw any imputation whatever that I have been engaged in this matter professionally in any way, or that I have ever accepted or received or expected to receive or am to receive any remuneration or any consideration of any kind which would be represented by an endorsement on the back of a brief.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I did not make the statements that the hon. gentleman has mentioned. If he had read what I said he would have read it exactly as I said it, and that is what he should have done. I made no such imputation. I did take occasion to refer to the observations he made to conditions with respect to my friend, and I said that they were unworthy of this house.

The imputations, if he calls them such, were not made. There were no imputations. Just what I said I said. What he said about my friend he said, and he brought about exactly the observations I made as to a distinguished member of the legal profession residing in Montreal, speaking of details with respect to matters transacted on the Winnipeg grain exchange that could come to him in only one way, from information furnished either by the exchange or members thereof, by the brief that they gave him. I called it a brief because that is the term which would be used by professional men. That is what I said, if my memory serves me aright. The hon. member has the paper in front of him and he can see the exact words. I said that I should like to see what was marked on the back of it. I think that is what I said. If that is any different from what was said by him yesterday with reference to Mr. John McFarland, I want to know about it.

Mr. HANBURY: Two wrongs do not make a right.

Mr. RALSTON: I am going to read the extract as it appears in Hansard.

Mr. BENNETT: As to what should have been done.

Mr. RALSTON: It is not necessary to read it on the question of having a withdrawal. This is what the right hon. gentleman said:

> That is the position that has been taken in this house. Again, it is very interesting to observe the discipline with which hon. gentlemen who are not well informed, accept the brief that is tendered to them and then make a speech in the House of Commons. The leading member who spoke for the opposition is a distinguished lawyer; he did not desire to make that speech; he has made his statements and they are well known, but he was told to speak, so he took the brief and made the statement. From whom did he get his facts that he referred to as "ifs"? Who supplied them to him? Who gave him his brief and what does it represent on the back of it? That is the question.

My right hon. friend knows perfectly well that that means only one thing, that there is a direct endorsement on the back of the brief to the effect that the person who receives it is entitled to receive a fee. I am surprised that my right hon. friend has not referred to that at all in the lame explanation which he made. He knows perfectly well what a brief is and he knows as a counsel that what is represented on the back of a brief is the amount of the fee. I say to my right hon.

friend that that is the imputation which was made immediately apparent to every lawyer in this house and throughout the country and I ask him to withdraw it.

Mr. BENNETT: I repeat that after having heard it read it is little different from what I thought it was. What does it represent on the back of it, I said. Let me say what it represents on the back.

Mr. RALSTON: What did you mean?

Mr. BENNETT: Just exactly what it says.

Mr. RALSTON: What is that?

Mr. BENNETT: There is no imputation of any kind.

Mr. ELLIOTT: Why was it said?

Mr. RALSTON: I ask my right hon. friend what he means by "what does it represent on the back of it"?

Mr. BENNETT: From whom the brief was received.

Mr. RALSTON: My right hon. friend as a leading member of the bar, as a former president of the Canadian Bar Association, as a gentleman who has the keeping of the discipline and the good name of this House of Commons in his hands—

Mr. BENNETT: Mr. Speaker, a question of privilege does not involve the opportunity to cross-examine. The hon. member has made his statement and I have made mine.

Mr. RALSTON: Does my right hon. friend think I am going to let it pass with the slipshod explanation he has made? I say that my right hon. friend has made an imputation which will be regarded as an imputation by every lawyer in the country, and he knows it.

Mr. MACKENZIE (Vancouver): Withdraw.

Mr. RALSTON: I ask him to withdraw that imputation.

Mr. BENNETT: I said that I made no such imputation.

Mr. RALSTON: Would my right hon. friend permit that statement from any other hon. member of this house and say that he made no imputation?

Mr. BENNETT: I say that I made no imputation such as the hon. member has suggested.

Mr. HANBURY: Withdraw it.

Mr. BENNETT: I am not withdrawing anything.

Mr. RALSTON: I ask the Prime Minister to explain what he meant by the words, "what does it represent on the back of it" if it was not an imputation?

Mr. BENNETT: Just what the words say.

Mr. SPEAKER: With regard to the question raised by the hon. member for Shelburne-Yarmouth (Mr. Ralston), I must say that I was in the house this afternoon when the Prime Minister (Mr. Bennett) made his statement and as a lawyer of some years standing at the bar I must confess frankly that I certainly did not take the imputation from the remarks of the Prime Minister which the hon. member for Shelburne-Yarmouth has. If I had taken any such imputation I certainly would have requested the Prime Minister to withdraw. The Prime Minister has stated that he made no imputation in the matter and naturally I must accept his statement. He has stated emphatically on more than one occasion since the question of privilege has been raised that he made no such imputation and that is the statement I am bound to accept.

Mr. RALSTON: I do ask if the words mean anything at all. If they do not contain an imputation why were they used? Those words were immediately followed by the words, "That is the question." What do the words mean if they do not mean to impute what I have just suggested? Can your honour as a distinguished lawyer conceive of any other meaning than the imputation to which I have just referred?

Mr. SPEAKER: I must confess frankly that I do not take the imputation from the words that the hon. member has taken. I am sure he will agree with me that had I taken any such imputation it would have been my duty as Speaker to ask the Prime Minister to withdraw it. But I took no such imputation.

Mr. RALSTON: What do they mean, then?

Mr. SPEAKER: The Prime Minister has stated emphatically that he made no such imputation with respect to the matter, and I must accept his statement.

Mr. RALSTON: I ask, then, that the words be struck out of the record, if they do not mean anything. I am asking that your honour direct that.

Mr. BENNETT: They are in my record.

Mr. RALSTON: With all due deference to the ruling of Your Honour, I submit that every lawyer in Canada except your honour and the Prime Minister will take the meaning from those words which I have suggested.

Mr. BENNETT: The Minister of Justice (Mr. Guthrie) sits beside me and he does not.

Mr. RALSTON: If the Minister of Justice can tell me what they mean, if they do not mean that, I would appreciate it.

Mr. GUTHRIE: I certainly did not think that the words contained any such imputation as my hon. friend seeks to find in them. I have had considerable experience in the province of Ontario in the giving and taking of briefs and I have never seen the fee marked on the back of a brief. I know in England it is the custom and practice to mark the brief with the fee.

Mr. ILSLEY: Every lawyer knows that, and that is why he would take the imputation.

Mr. GUTHRIE: I do not believe that is the practice in any part of Canada. I heard the statement made and no hon. member in the house placed the interpretation upon it which my hon. friend does.

Mr. MACKENZIE (Vancouver): The right hon. leader of the opposition (Mr. Mackenzie King) objected immediately afterwards.

Mr. ILSLEY: Every lawyer on this side took that imputation.

Mr. GUTHRIE: The reference as to what was endorsed on the brief was an interrogation as to where the brief had come from, nothing more than that. It was an inquiry as to whether it represented this or that interest. I think my right hon. friend is putting the matter entirely beyond reason when he suggests that the Prime Minister made any such imputation.

Mr. RALSTON: I am only taking the Prime Minister's words, based on his knowledge of the practice of solicitors and barristers.

Mr. GUTHRIE: I am satisfied that no such imputation existed in the minds of hon. members of this house.

Mr. MACKENZIE (Vancouver): The Minister of Justice said that no one put that interpretation upon the words of the Prime Minister but immediately after they were uttered the right hon. leader of the opposition (Mr. Mackenzie King) got up and said:

> I must say that the right hon. gentleman is saying either too much or too little. He has reflected upon an hon. member in his absence.
>
> Mr. Bennett: I have no right to be interrupted.
>
> Mr. Mackenzie King: I will not sit here and see a colleague misrepresented by anybody and especially by the Prime Minister. I wish to say that the hon. member of whom he has spoken is an hon. member and not open to the kind of reflections that have been made.

The observations of the Minister of Justice fall very flat indeed.

Mr. POULIOT: Mr. Speaker, on the point of order—

Mr. SPEAKER: I have already ruled on the question of privilege.

Mr. POULIOT: I am speaking to the question of privilege and I have a precedent to quote to your honour.

Mr. SPEAKER: I have already given my ruling in connection with the matter and I see no reason to change it. The matter has been dealt with quite fully. The Prime Minister has made an emphatic and clear statement that he did not attribute to the words he uttered the meaning suggested by the hon. member for Shelburne-Yarmouth. I am bound to accept the Prime Minister's denial of the meaning which has been taken from the words.

Mr. POULIOT: Even if that is your honour's ruling—

Some hon. MEMBERS: Order.

Mr. POULIOT: I am rising to a different point of order. My point of order—

Some hon. MEMBERS: Order.

Mr. MACKENZIE (Vancouver): That is quite in order.

Mr. POULIOT: The fact that the Prime Minister—

Mr. SPEAKER: Has the point of order in connection with which the hon. member proposes to address the chair any relation to the incident we have been discussing?

Mr. POULIOT: I will tell your honour—

Mr. SPEAKER: Will the hon. member either answer my question or be seated?

Mr. POULIOT: It is from a different angle, sir, and with regard to the decision—

Mr. SPEAKER: My decision having been given, the matter is settled.

Mr. MACKENZIE (Vancouver): With all due respect to Your Honour—

Some hon. MEMBERS: Order.

Mr. MACKENZIE (Vancouver): I beg your pardon; I can rise any time I like to a point of order. I know the rules as well as any hon. member of this house. I am rising to a point of order directly concerning a question of privilege, and I submit that, as well as with respect to a question of privilege, any hon. member may rise to a point of order with respect to any incident in the course of debate.

Mr. SPEAKER: The decision having been once given, the matter is closed.

Mr. POULIOT: I did not rise to discuss your decision at all, Mr. Speaker; I rose to a point of order with respect to the discussion that has taken place, and as a matter of privilege affecting all members. The point is this, with relation to the ruling you gave regarding what had been said by the Minister of Railways about a journalist of the west—your decision thereon. I abide by what Your Honour stated. The question of privilege is this. Two years ago—

Mr. SPEAKER: Order. Will the hon. member be good enough to state the point of order to which he is now rising.

Mr. POULIOT: I cannot state it if I am not allowed to speak. I will be as brief as possible.

Mr. SPEAKER: I must ask the hon. gentleman either to retain his seat or to advise the chair as to the question he is now bringing up for discussion on a point of order. He must not discuss precedents of two years ago.

Mr. POULIOT: I hold Your Honour in high regard and I will abide by the ruling of the chair; and I may say that since Your Honour assumed the chair I have never challenged your rulings. Two years ago—

Mr. SPEAKER: Will the hon. member please state the question he wishes to discuss on the point of order.

Mr. POULIOT: Yes, Mr. Speaker; but I cannot state the point of order by merely opening my mouth. I have to say something.

An hon. MEMBER: Next sitting of the house.

Mr. SPEAKER: If the hon. gentleman wishes to address the chair on a point of order he must direct his remarks to the point of order and not to something that happened two years ago.

Mr. POULIOT: Yes, sir. The only thing I wish to bring to Your Honour's attention is this fact, that at the request of the Prime Minister himself two years ago—

Mr. SPEAKER: The hon. member must state the question on which he is rising to a point of order.

Mr. POULIOT: On account of the disturbance I did not hear Your Honour.

Mr. SPEAKER: I must request the hon. member to refrain from carrying the matter further.

Mr. POULIOT: It is a matter of privilege.

Some hon. MEMBERS: Order.

Mr. BENNETT: If the hon. member for Shelburne-Yarmouth inferred, from the observation made by me this afternoon, that I imputed to him financial benefits from the speech he made in this house, I desire to assure him that I made no such implication.

Mr. HANBURY: Just a little belated.

Mr. POULIOT: But, sir—

Some hon. MEMBERS: Order.

Mr. RALSTON: The language was, a professional engagement of some kind by the acceptance of a brief. If my right hon. friend withdraws that—

Mr. BENNETT: I cannot do that, nor do I propose to do it, for the simple and obvious reason that had he not been a solicitor he would not have been entrusted with the defence.

Mr. RALSTON: I said, "a professional engagement."

Mr. BENNETT: I did not say anything about professional engagement.

Mr. RALSTON: I said that and the right hon. gentleman said he could not withdraw it.

Mr. BENNETT: I made no reference to professional engagement.

Mr. RALSTON: The reference is to the acceptance of a brief and what the right hon. gentleman says in effect is that the words to which I have referred, and to which I have taken objection, mean what they say and nothing more, and there is no imputation. Therefore it simply means that they are meaningless, like a good many of the remarks of my right hon. friend.

Mr. BENNETT: Clearly, if that is the state of mind of the hon. gentleman—

Mr. RALSTON: I have a right to be in such a state of mind and to feel resentment.

Mr. BENNETT: Not nearly so much as I have. What was said, if I recollect, was, "I should like to see what is represented on the brief." Just look at it.

Mr. RALSTON: "What does it represent on the back of the brief?"—on the back of it.

Mr. BENNETT: Now if from that the hon. gentleman concludes that I inferred that he is receiving financial reward for what he said, I made no such inference at all. I was referring to the fact that an eminent counsel practising law in Montreal was making a defence, which was the defence of the particulars of transactions that were not known to him and could only be known from one source.

Mr. RALSTON: That is only adding insult to injury. I spoke in this house, not as a member of the bar, not as a member of the Montreal bar, but as a member of this house, without any thought or intention or idea or motive from a brief or the acceptance of a brief or from any professional qualification or special interest whatever. I say that to you, Mr. Speaker, to this house and to my right hon. friend the Prime Minister. And when he suggests that I accept a brief as a Montreal counsel undertaking a defence, he states what is absolutely false and I throw it in his teeth, and I tell him so.

Mr. POULIOT: Mr. Speaker—

Mr. SPEAKER: I think there has been sufficient argument on the question of privilege, and the debate might very well continue.

Mr. POULIOT: Rising to a question of privilege and a point of order, what I have to say is this—and I will be very brief in stating the point. The point is this, that two years ago, at the request—

Mr. SPEAKER: While I admire the hon. gentleman's persistence, I must ask him not to proceed further with the point of order along the line he has been following, proposing as he does to discuss something that took place two years ago.

Mr. POULIOT: It is not with regard—

Mr. SPEAKER: I have ruled on the matter and I must ask the hon. gentleman not to persist. Is the house ready for the question?

Mr. RALSTON: I call your honour's attention to the fact that my right hon. friend imputed that I was defending someone as a Montreal lawyer, or otherwise, and I say again that I was defending no one whatever, but was endeavouring to defend the people of Canada against the machinations of this government. I ask him to withdraw the suggestion that I was engaged in the defence of anyone. I am asking my right hon. friend to withdraw that imputation.

Mr. BENNETT: He has said all that he proposes to say.

Mr. ELLIOTT: I regret that the Prime Minister does not see his way clear to withdraw the remarks he made.

Some hon MEMBERS: Oh, oh.

Mr. ELLIOTT: Let my hon. friends contain themselves a moment. I was present just as the Minister of Justice was present when those remarks were made this afternoon and I am surprised to hear you say, Mr. Speaker, that you could not infer from them that there was an imputation of something that was intended to be derogatory to the hon. member for Shelburne-Yarmouth. Why were those remarks made? What object is there in them, what could it be, if there was no suggestion that there had been something marked on the back of that brief? It is in keeping with the dignity of the house that those words should be withdrawn.

Mr. SPEAKER: I do not know whether the hon. member who has just taken his seat was in the house during all the argument.

Mr. ELLIOTT: I heard it all.

Mr. SPEAKER: He will remember that the Prime Minister did withdraw any imputation such as the hon. member for Shelburne-Yarmouth has suggested, that the hon. member had been paid fees for representing certain interests in the house. I think the statement of the Prime Minister closes that matter.

Mr. RALSTON: My point was that he was suggesting that I was acting professionally in handling a brief in defence of certain interests, whether I was receiving a fee or not. I asked the Prime Minister to withdraw that suggestion. I thought he would, but apparently he has not done so. I am waiting for him to do so.

Some hon. MEMBERS: Question.

Mr. RALSTON: I think I have a right to ask the Prime Minister to withdraw that. It is a direct imputation.

Mr. SPEAKER: The hon. member certainly has a right to ask the Prime Minister to withdraw it, but the Prime Minister has a right to withdraw it or not as he sees fit.

Mr. RALSTON: I ask you, sir, to request the Prime Minister to withdraw the statement that I as a professional man held a brief in this house in the defence of certain interests, whether for fees or otherwise.

Mr. SPEAKER: I certainly did not take any such meaning from the remarks of the Prime Minister as made this afternoon. I state that again as I did so previously. Apparently the other lawyers held the same opinion as I did, because there was not a lawyer who got up and raised a point of order at the time.

Mr. RALSTON: I am speaking about what the Prime Minister said just a few minutes ago when he said that he withdrew the imputation that I was receiving any fees of any kind, but he renewed the imputation that I as a Montreal lawyer had taken a brief in the defence of certain interests.

Mr. GUTHRIE: That is quite legitimate.

Mr. RALSTON: Does the Prime Minister say it is quite legitimate to suggest that a member of the house is, as a professional man, even though he gets no money, taking a brief in the defence of certain interests.

Mr. BENNETT: It is perfectly obvious for an hon. member to make that statement just as it was for the hon. member himself to say "if I am correctly advised;" "if I am correctly informed."

Mr. RALSTON: I am not talking about "if I am informed." I am talking about what the Prime Minister said to-night—

Mr. BENNETT: I have nothing to withdraw as regards what I said to-night.

Mr. RALSTON: —and the imputation that I was speaking otherwise than as a member of the house and quite apart from any professional association of any kind. I have no professional association either for fees or otherwise in connection with the interests to which he refers. I ask the Speaker to direct the Prime Minister to withdraw that imputation.

Mr. SPEAKER: I have already stated my position in connection with the matter again and again, and while there is apparently a difference of opinion, I am sure the hon. member for Shelburne-Yarmouth has expressed his honest views in connection with this matter. I have taken a different meaning from the words of the Prime Minister; I think the house took a different meaning from that taken by the hon. member, and I am not in a position nor do I feel called upon to ask the Prime Minister to withdraw his remarks, particularly in view of the statement which he has made on more than one occasion.

Mr. RALSTON: I think we are talking about two different things. I have heard what the Prime Minister has said and what you, sir, have said in connection with what he said this afternoon. I am referring to the other reference the Prime Minister made this evening in which he not only insinuated but imputed that I as a professional man from Montreal had taken a brief for the defence of certain interests without any hope of reward, fee or gain or anything of that kind. That is an imputation that I as a member of the house was speaking as a professional man rather than as a member of the House of Commons in the interests of the people I represent. I ask the Prime Minister to withdraw that statement and I request you, sir, so to rule.

Mr. SPEAKER: I have ruled on the matter more than once on other questions which arose out of this argument. I think the matter has been fully discussed and I do not think anything will be gained by further discussion.

Mr. RALSTON: I have the greatest respect for the chair and for you, sir, but you evidently did not hear what my right hon. friend said when you suggest that the incident is closed by what he said previously with regard to making no imputation. I ask you, Mr. Speaker, as a professional man to consider the imputation which is contained in the suggestion made by the Prime Minister that I as a professional man had taken a brief in the defence of certain interests, even though he withdrew the statement that I had any fee or hope of reward of any kind. That in itself is an imputation on the integrity of a member of the house, on his fairness and open mindedness, and should be withdrawn. I have already denied it and I deny it again.

Mr. SPEAKER: I think the hon. member has covered the point on more than one occasion. I see no reason for coming to a different conclusion from that which I have stated more than once on both points which have been raised by my hon. friend. So far as I took the meaning of the words of the Prime Minister, during the address which he made this afternoon, he cast no imputation upon the motives of the hon. member for Shelburne-Yarmouth.

Mr. RALSTON: It is not the address which he made this afternoon; it is what he stated to-night.

Mr. SPEAKER: And I will add to that, to-night.

Mr. RALSTON: Before the incident is closed and with great respect to you, sir, I feel that the matter is most serious and I respectfully appeal from your ruling.

Mr. SPEAKER: Will the hon. member reduce the question to writing?

Mr. BENNETT: I think there is no appeal from a ruling on a question of privilege.

Mr. MACKENZIE (Vancouver): Where does the Prime Minister get that?

Mr. POULIOT: On a question of privilege, the Prime Minister is following along the lines of the hon. member for Winnipeg North Centre. When I rose to a point of order—

Some hon. MEMBERS: Order.

Mr. POULIOT: Are we not to enjoy parliamentary rights in this chamber? Here we have Stalin preventing us from defending our rights in parliament.

Mr. MACKENZIE (Vancouver): Mr. Speaker, you directed the hon. member for Shelburne-Yarmouth to set out his reasons in writing. That is not in accordance with the rules of the house. The question was that the statement made by the Prime Minister was an imputation of improper motives to another member of the house. The member concerned, exercising his privilege as a member of the house, requested your honour to direct the Prime Minister to withdraw those remarks. Your honour refused to do so and we appeal from your ruling.

Mr. SPEAKER: Quite frankly, I am not certain whether, because I refused to accede to the request of the hon. member for Shelburne-Yarmouth to ask the Prime Minister to withdraw certain remarks, there is any appeal from a decision of that kind.

Mr. MACKENZIE (Vancouver): I think the remarks in themselves reflect upon a member of the house. I ask that they be expunged from the record.

Mr. SPEAKER: Quite naturally I am in the judgment of the house, but I do not know whether the appeal will lie. It is apparently a question of interpretation of words that may or may not have been used.

Mr. HANBURY: Nobody's interpretation except the Prime Minister's.

Mr. POULIOT: And he himself cannot understand himself.

Mr. SPEAKER: I must ask the hon. member for Shelburne-Yarmouth if he will kindly give me his opinion whether or not there is an appeal on the matter under discussion. I am under the impression at the moment that there is not.

Mr. RALSTON: Mr. Speaker, I am not as well versed in the rules of the house as either your honour or the Prime Minister or the leader of the opposition. What I was going to do, should you rule that there is no appeal, is to appeal from that ruling, from which there is no doubt there is an appeal.

Mr. SPEAKER: It seems to be a rather ridiculous situation.

Mr. RALSTON: It is not ridiculous.

Mr. SPEAKER: I am not referring to the merits of the matter; I mean it seems to be a rather ridiculous position for the house to be in, when the Speaker rules that there is no appeal, to say, "I appeal from that decision."

Mr. RALSTON: That has been done before.

Mr. SPEAKER: I accept the suggestion of the hon. member for Shelburne-Yarmouth. The reason I asked that the matter be put in writing was that I myself am in doubt of the exact words of which the hon. member complains.

Mr. HANBURY: Then why did you rule?

Mr. SPEAKER: What are the exact words of which the hon. member for Shelburne-Yarmouth complains?

Mr. RALSTON: I have already stated it three or four or five times I think, but in deference to your honour I will endeavour to state again the effect of what my right hon. friend said, because of course we have not the record before us of what was said to-night. I understood my right hon. friend to say that I, as a professional man from Montreal, had accepted a brief in defence of certain interests. He withdrew the imputation that there had been any fee or remuneration or consideration of any kind attached, but the other part is what I objected to and what I ask Your Honour to request the Prime Minister to withdraw.

Mr. SPEAKER: I say again I have no right to ask the hon. member to withdraw the remarks when I do not impute to them the meaning which the hon. member has placed upon them.

Mr. RALSTON: If it is said that a member is speaking as a professional man and not as a member of this house, surely that is a reflection.

Mr. MACKENZIE KING: Surely when an hon. member on this side gives his word with regard to any kind of reflection or imputation, which is either directly or indirectly an imputation of motive, it is for the hon. gentleman to accept the word of the hon. member. The Prime Minister should set an example in that respect.

Mr. McINTOSH: That is what we have had to do here all along.

Mr. SPEAKER: I do not know whether the suggestion I am about to make will meet with the approval of the house. I think the house will agree that I want to do what is right.

Some hon. MEMBERS: Hear, hear.

Mr. SPEAKER: Would it be possible that the matter be allowed to stand until I see Hansard and see just what was said?

Mr. HANBURY: The Prime Minister does not deny it.

Mr. SPEAKER: Before the leader of the opposition (Mr. Mackenzie King) came in we had a discussion which lasted some time, and there have been arguments pro and con, and I cannot recall the exact words which were used by the Prime Minister. The Prime Minister states that he did not impute any improper motive to the hon. member for Shelburne-Yarmouth, and the hon. member for Shelburne-Yarmouth states that he did. Whether or not the suggestion I make is acceptable—

Mr. RALSTON: I am going to make a suggestion, that is that the Prime Minister himself repeat what he said before. Then your honour will have exactly the words to which I refer.

An hon. MEMBER: No, let Hansard give it.

Mr. SPENCE: Why worry so much if your conscience is clear?

Mr. RALSTON: I have heard the hon. gentleman on the other side; I want to say that my reputation is just as precious to me as is his to him, and I have not been used to this sort of thing, particularly from the right hon. the Prime Minister.

Mr. REID: And they will repeat it, too.

Some hon. MEMBERS: Question.

Some hon. MEMBERS: Withdraw.

Some hon. MEMBERS: Why withdraw?

Mr. MACKENZIE KING: In a matter of this kind the rights and privileges of every hon. member are at stake. Surely the Prime Minister, who is custodian of the honour of the house, ought to be prepared to set the example that is necessary in a matter of this kind.

Mr. GUTHRIE: Had my right hon. friend the leader of the opposition been present during the earlier part of the discussion—

Mr. MACKENZIE KING: I know what took place.

Mr. GUTHRIE: —I think he would agree that a full withdrawal of any improper imputation against the hon. member for Shelburne-Yarmouth was made.

Mr. RALSTON: There cannot be anything but an improper imputation.

Mr. GUTHRIE: Now the new suggestion comes from the hon. member for Shelburne-Yarmouth—

Mr. RALSTON: No, from the Prime Minister.

Mr. GUTHRIE: —that it is a breach of the privileges of this house to say that an hon. member has received a brief on a discussion. I have never heard of that being taken as a breach of privilege on any occasion. The imputation that he has accepted a fee I grant is improper; that has been fully withdrawn. In my judgment the matter ought to be dropped.

Mr. MACKENZIE KING: Surely an hon. member cannot at one and the same time act as an independent member of parliament and one who supports a brief which he has received.

Mr. GUTHRIE: Can my hon. friend cite any case where that has been called a breach of privilege?

Mr. RALSTON: No one has ever been accused of it.

Some hon. MEMBERS: Question.

Mr. RALSTON: I have made an emphatic denial of the statement made by my right hon. friend, and I submit that under the rules of this house my right hon. friend must accept my statement. Does my right hon. friend—speaking to my right hon. friend through you, Mr. Speaker—does he decline to accept my statement as a member of this house?

Some hon. MEMBERS: Answer.

Mr. CAHAN: There are two sides to this. The Prime Minister stated that he withdrew any imputation upon the honour of the hon. gentleman. The hon. gentleman is bound to accept that. But he does not accept it; he is now striving to find some other statement to which he can take exception. If he accepts the statement of the Prime Minister, then this debate should certainly close.

Mr. RALSTON: Apparently my hon. friend has not heard the debate.

Mr. MACKENZIE (Vancouver): He has been asleep.

Mr. RALSTON: I am not talking about the imputation which the Prime Minister withdrew or stated he did not make. I am referring to another imputation altogether. I say my right hon. friend has no right to insinuate in this house or suggest that any hon. member is speaking other than as a member of this house, or that he is speaking in a professional capacity. I denied that I was speaking other than as a member of this house and denied that I accepted any brief. I ask my right hon. friend to accept my statement.

Mr. BENNETT: Question.

Some hon. MEMBERS: Question.

Mr. RALSTON: I submit, Mr. Speaker, you should ask my right hon. friend to accept my statement.

Mr. SPEAKER: I do not think we are getting any further with the matter beyond the point at which we had arrived some time ago. I can quite understand the matter from the point of view of the hon. member who raised the question of privilege, but I have already stated, and I state again, that the Prime Minister emphatically stated that there was no such meaning in the words which were quoted by the hon. member for Shelburne-Yarmouth as he gives to them. As to what subsequently happened, the exact words used by the Prime Minister I do not know. That is on the second point.

Mr. RALSTON: But, Mr. Speaker, you ruled on them.

Mr. SPEAKER: I ruled there was no imputation.

Mr. RALSTON: If you did not get the words how could you make that ruling?

Mr. SPEAKER: I took it from the statement which the hon. member for Shelburne-Yarmouth made.

Mr. RALSTON: With the greatest possible deference I must appeal from your ruling, Mr. Speaker, because I submit if that is permitted in this house any imputation can be made at any time that hon. members are not speaking in good faith.

Mr. SPEAKER: The hon. member for Shelburne-Yarmouth (Mr. Ralston) on a question of privilege has stated that certain improper imputations have been directed to him by the right hon. Prime Minister (Mr. Bennett). I have ruled that there were no improper imputations that were not withdrawn. From that ruling the hon. member for Shelburne-Yarmouth desires to appeal. Have I stated the question correctly?

[Mr. I. Mackenzie.]

Mr. MacINNIS: On a point of order—

Mr. MACKENZIE KING: As I understand it, the hon. member for Shelburne-Yarmouth (Mr. Ralston) has stated on his word as a member of this house that such and such of his own knowledge is a fact, and he has asked the Prime Minister to accept that statement Surely it is the duty of the Prime Minister to accept a statement of that kind by an hon. member, and of your honour to rule that he should so accept it.

Mr. SPEAKER: With the greatest deference, there has been no denial by the Prime Minister. The gist of the complaint of the hon. member for Shelburne-Yarmouth, as I understand it, is that the Prime Minister has imputed to him improper conduct. I have ruled that no improper conduct has been imputed to the hon. member, and from that ruling the hon. gentleman has appealed.

Referring to paragraph 282 of Beauchesne I see that the procedure in a matter of this kind usually is to direct the clerk to take down the unparliamentary words to which objection has been taken. That has not been done in this case and I shall endeavour to state the complaint of the hon. member for Shelburne-Yarmouth as fairly as possible. The hon. member for Shelburne-Yarmouth has complained that certain words used by the Prime Minister this evening imputed to him improper conduct as a member of parliament. I have ruled that the words so used did not impute to the hon. member improper conduct, and from that ruling the hon. member desires to appeal.

The house divided on the question: Shall the ruling of the chair be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Arsenault	Mitchell
Belec	Myers
Bury	Peck
Chaplin	Plunkett
Davies	Price
Dickie	Quinn
Duranleau	Shaver
Esling	Short
Fraser (Cariboo)	Smith (Victoria-Carleton)
Gardiner	Spencer
Gobeil	Sproule
Hay	Stewart (Lethbridge)
Irvine	Stitt (Nelson)
Kennedy (Peace River)	Stitt (Selkirk)
Luchkovich	Sutherland
Macdonald (Kings)	Turnbull
McGillis	Weir (Melfort)
McLure	Wright—37.
Maloney	

NAYS

Messrs:

Golding	Motherwell
Hanbury	Neill
MacInnis	Reid
McKinnon	Weir (Macdonald)
McPhee	Young—10.

PAIRS

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

Messrs:

Anderson (Toronto-High Park)	Mulock
Anderson (Halton	Factor
Baker	Bertrand
Barber	Totzke
Baribeau	Beaubien
Barrette	Rhéaume
Bell (Hamilton West)	Mercier (St. Henri)
Bell (St. Antoine)	Raymond
Bell (St. John)	Dubois
Bennett	King
Beynon	Euler
Bowen	McKenzie (Assiniboia)
Boyes	Mills
Burns	Butcher
Cahan	Rinfret
Cantley	Cardin
Casselman	Howard
Charters	Blair
Cotnam	Hurtubise
Cowan	Ilsley
Dorion	Verville
Duguay	Dumaine
Dupré	Ferland
Edwards	Elliott
Embury	Bothwell
Ernst	Bradette
Fortin	Fafard
Gagnon	Boulanger
Ganong	Michaud
Garland (Carleton)	Goulet
Geary	Mercier (Laurier-Outremont)
Gordon	Fiset, Sir Eugène
Gott	Rutherford
Guthrie	Lapointe
Hackett	Perras
Hanson (York-Sunbury)	Veniot
Harris	Jacobs
Johnstone	Donnelly
Jones	MacLean
Kennedy (Winnipeg)	McIntosh
Larue	Thauvette
Laflèche	Girouard
Laurin	Fontaine
Lawson	Gray
MacDonald (Cape Breton)	Urquhart
MacMillan (Saskatoon)	Mackenzie (Vancouver)
MacNicol	Rennie
McDade	Dupuis
McGibbon	Power
Manion	Chevrier
Matthews	Moore (Ontario)
Moore (Châteauguay-Huntingdon)	Dubuc
Morand	Parent
Mullins	Howden
Murphy	Stewart (Edmonton)
Perley (Qu'Appelle)	Munn
Perley, Sir George	Marcil
Pettit	Bouchard
Pickel	Boucher
Porteous	Macphail, Miss
Rhodes	Ralston
Robinson	Desrochers
Ross	Roberge
Rowe	Lacroix
Ryerson	Taylor
Sauvé	Séguin
Senn	Sanderson
Simpson (Simcoe)	Jean
Simpson (Algoma)	Casgrain
Smith (Cumberland)	Duff
Smoke	Pouliot
Spence	Fraser (Northumberland)
Spotton	MacMillan (Mackenzie)
Stewart (Leeds)	Fournier
Stinson	Hall
Stirling	Hanson (Skeena)
Sullivan	Brasset
Tummon	St-Père
Weese	Campbell
White (London)	Gershaw
Willis	Brown
Wilson	Vallance

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted I would have voted against the Speaker's ruling.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted I would have voted against the Speaker's ruling.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted against the Speaker's ruling.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted I would have voted against the Speaker's ruling.

Mr. SPENCE: I was paired with the hon. member for Northumberland, Ont. (Mr. Fraser). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. POULIOT: I was paired with the hon. member for Brant (Mr. Smoke). Had I voted I would have voted against the Speaker's ruling.

Mr. PERLEY (Qu'Appelle): I was paired with the hon. member for Vancouver North (Mr. Munn). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. ILSLEY: I was paired with the hon. member for Port Arthur-Thunder Bay (Mr. Cowan). Had I voted I would have voted against the Speaker's ruling.

Mr. BEYNON: I was paired with the hon. member for North Waterloo (Mr. Euler): Had I voted I would have voted to sustain the Speaker's ruling.

Mr. BEAUBIER: I was paired with the junior member for Ottawa (Mr. Ahearn). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. GORDON: I was paired with the hon. member for Rimouski (Sir Eugène Fiset). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. WILLIS: I was paired with the hon. member for Lisgar (Mr. Brown). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. SENN: I was paired with the hon. member for South Perth (Mr. Sanderson). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. McKENZIE (Assiniboia): I was paired with the hon. member for Durham (Mr. Bowen). Had I voted I would have voted against the Speaker's ruling.

Mr. RALSTON: I was paired with the hon. Minister of Finance (Mr. Rhodes). Had I voted I would have voted against the Speaker's ruling.

Mr. CAHAN: I was paired with the hon. member for St. James (Mr. Rinfret). Had I voted I would have voted to sustain the Speaker's ruling as I was present during the debate this afternoon and evening and I did not understand the Prime Minister to make any such imputation as that of which the hon. member (Mr. Ralston) complains.

Mr. MANION: I was paired with the senior member for Ottawa (Mr. Chevrier). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. MUNN: I was paired with the hon. member for Qu'Appelle (Mr. Perley). Had I voted I would have voted against the Speaker's ruling.

Mr. MACKENZIE KING: I was paired with the right hon. the Prime Minister (Mr. Bennett). Had I voted I would have voted against the Speaker's ruling.

[Mr. Beynon.]

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

Mr. SIMPSON (Algoma): I was paired with the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Had I voted I would have voted to sustain the Speaker's ruling.

Mr. BEAUBIEN: I was paired with the hon. member for Champlain (Mr. Baribeau). Had I voted I would have voted against the Speaker's ruling.

Mr. SAUVE (Translation): Mr. Speaker, had I not been paired with the hon. member for L'Assomption-Montcalm, I would have voted to sustain your ruling.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted, I would have voted to sustain the Speaker's ruling.

Mr. BOUCHARD (Translation): I was paired with the hon. member for Welland (Mr. Pettit). Had I voted, I would have voted against the Speaker's ruling.

Mr. PERRAS (Translation): I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted, I would have voted against the Speaker's ruling.

Mr. BRADETTE (Translation): I was paired with the hon. member for Queens-Lunenburg (Mr. Ernst). Had I voted, I would have voted against the Speaker's ruling.

Mr. DUPUIS (Translation): I was paired with the hon. member for Northumberland (N.B.) (Mr. McDade). Had I voted, I would have voted against the Speaker's ruling.

CONTINUATION OF DEBATE ON MOTION FOR SECOND READING

Mr. J. L. ILSLEY (Hants-Kings): Mr. Speaker, I realize that the atmosphere of the house is such that it is difficult to make a speech on such a subject as the Companies Act at this hour of the evening, but there are a few observations that I would like to make on the bill. I want to congratulate the Secretary of State (Mr. Cahan) on the very full explanation that he gave of the bill on the second reading this afternoon and to-night. He took the recommendations of the price spreads commission one by one, stated the reasons why he disapproved or approved of them, as the case might be—he did not approve of very many—and explained the bill very fully.

I do not intend at this stage to deal section by section with the bill that is before us, but I think the time is opportune to review the history of this companies legislation. About a year ago the Secretary of State introduced a bill which he regarded as the last word in a companies act, a bill upon which he put a great deal of time and a great deal of work, which embodied the suggestions he was able to get from the profession, and which he considered was as good a piece of work as could be done by this parliament on company legislation. Members from this side of the house offered certain suggestions. One of those suggestions was that no-par shares should be prohibited. Several amendments were proposed, notably by the hon. member for Last Mountain (Mr. Butcher) who had made a particular study of company legislation, but very few if any of those amendments were accepted by the Secretary of State. That was the first chapter in the attempts of the government to put the Companies Act in shape.

The second was the radio speech of the right hon. the Prime Minister (Mr. Bennett) in the early part of January. In the reform speeches, so called, which went out over the radio in the early part of January the Prime Minister made a great point of the defects in the Companies Act. By implication he attacked the work of his colleague the previous spring. I have his words here, and so that there may be no mistake about it I want to put them on Hansard. Speaking of the Prime Minister the report in the Ottawa Citizen says:

> Turning then to what he termed "the social and economic evil commonly called 'stock watering,'" Mr. Bennett said this constituted a definite impairment of the economic system.
>
> "Notwithstanding the legislation of recent years, the protection of the investor must be improved," the Prime Minister declared. "It is still inadequate. There must be stricter government regulation of finance in this field so that improper practices may be detected in time and effectively dealt with. The ravages of the promoter who operated in the period of 1922 to 1930 cannot now be repaired. But we can at least see to it that he does not again operate in the same way.
>
> Our Dominion Companies Act will, therefore, have to be strengthened. There must be drastic simplification of capital structure so that the investor will be able to understand the nature of the stock or security he is purchasing. At the next session of parliament, the Companies Act will be amended so as to abolish the right to issue shares of no par value. The searchlight of publicity must be focussed on every issue of securities offered to the public. Adequate machinery must be set up to inquire into and report on corporate developments which tend towards consolidation and concentration. In other words, the door must be locked before, not after the horse is stolen.
>
> Between 1922 and 1930 a great many of our people were the victims of practices against which the law provided no adequate safeguards. From time to time, attempts have been made to cure these persistent and recurring evils. None have been wholly effective. The many victims of stock promotion, in the years before the crash, are the certain proof of that. The problem bristles with difficulties. But the government will enact legislation at the next session of parliament which it confidently expects will, with the wholehearted cooperation of the citizens of Canada, stamp out this evil in corporations operating under dominion authority.

Those are the resounding words which the Prime Minister uttered in January last. That is the second chapter in the government's activities in the reform of company law.

Mr. MACKENZIE (Vancouver): Cabinet solidarity.

Mr. ILSLEY: I should like to refer to the two points stressed by the Prime Minister. The first point was the abolition of shares of no par value, and the second point was the drastic simplification of capital structure so that the investor might be able to understand the nature of the stock or security he might purchase. I have no doubt that the Prime Minister then had in mind the abolition of the right to issue class A, class B and other classes of shares. Those were the two specific reforms the government was going to introduce in the Companies Act. The Prime Minister made an attack by implication upon the work of his colleague the Secretary of State. In the previous spring after the consolidation of the act had been completed the Secretary of State said that that was as good a job as could be done by any parliament.

We come now to the third chapter, the price spreads committee which later became the price spreads commission. This body heard certain evidence, not very much, in connection with the operation of dominion companies. The opinion of the commissioners was that the concentration of business in Canada in the hands of the great corporations was one of the most notable phenomena of the present day. The commissioners then went on to consider what evils might be corrected by amending the Companies Act, and they made certain recommendations. The Secretary of State stood up this afternoon and, if I understood his argument correctly, argued that according to the reference they had no power to consider amendments to the Companies Act. Upon a literal interpretation of the terms of the reference no doubt that would be correct, but broadly speaking they certainly

had the power because that is the legislation of which individuals avail themselves when they form themselves into companies. It was impossible to consider intelligently the problems before the commission without giving some consideration to the Companies Act. The Secretary of State said that many other witnesses should have been brought before the commission, that he should have been consulted and that we should have gone about our work in a different way. There may be quite a bit of force in the suggestion that the Secretary of State should have been consulted to a greater extent, but I would remind the house that we sat for fourteen months, with the exception of four months in the summer, and dealt with a wide range of subjects. It was impossible to get as much evidence as we would have liked to get about the matters before us, but after a great deal of discussion the commissioners decided to make certain recommendations, and it is the implementation of those recommendations which is now before the house.

This afternoon the Secretary of State went over this bill, section by section, and subjected it to the most masterly analytic and devastating criticism. I listened attentively to his remarks, and in recent years I have never heard a more able attack upon a piece of legislation than that made upon this bill by the hon. gentleman this afternoon and evening. What is the meaning of this? The hon. gentleman directed his attack to two points. The first was the suggestion that we should abolish no-par shares, and the other was the suggestion that we should abolish classes of stocks. These were the two specific reforms which the Prime Minister advocated over the radio last January, but they were destroyed by the Secretary of State this afternoon in the devastating rebuttal to which he subjected them. Talk about cabinet solidarity, talk about unity of effort, talk about the strong position taken by the government; was anything like this ever heard of before in the Dominion of Canada? Why does the Secretary of State sponsor this bill when he does not believe in it? Why does he sponsor a bill the principle of which he disapproves? I commend to hon. members and to the country generally a comparison of the speech made by the Prime Minister last January and that made by the Secretary of State this afternoon and this evening. I think such a comparison will show how much unity and solidarity there is in the government of the Dominion of Canada at the present time. I can only speculate, but I suppose the government decided in cabinet council that they must make some sort of pretence at carrying out the recommendations of the price spreads commission, otherwise the hon. member for East Kootenay (Mr. Stevens) would raise such a row throughout the country that there would be no government; there would be no Conservative party left. I cannot imagine there being any other motive for the exhibition before the house this afternoon.

I felt a little sensitive this afternoon as I listened to the Secretary of State attacking with his masterly ability this price spreads commission report and the legislation based upon it. I realize that there were certain weaknesses in the constitution of the commission and the committee. I do not think I am guilty of violating any confidences when I say that I think we should have had at least one corporation lawyer to advise us. Unfortunately, there is a feeling that most corporation lawyers have a single line of approach. It is believed that their business is to act for persons incorporating companies, for promoters, for investment houses and the like, to see that they do not get into trouble, no matter who else may. It may have been that the judgment of my colleagues was sound when they felt that we should take the line we did and go ahead without the assistance of a highly experienced corporation lawyer.

I have no doubt that there is considerable force in much of the criticism to which the Secretary of State gave utterance this afternoon, but I would point out that there must also be considerable force in some of the criticism which the price spreads commission uttered against the existing Companies Act. The Secretary of State admits this when he introduces this important bill, which amends the legislation which he said last spring was the last word. I should like to refer to some of the recommendations of the commission. Recommendation No. 9 contained in the summary of recommendations reads:

> The prospectus provisions of the present act should be altered to place upon a company and its directors the responsibility for representations made on any offering for general public subscription, whether made on behalf of the company or not. If this change cannot be made through the Companies Act, it should be made a criminal offence to offer for public subscription securities of a company, with federal incorporation if those securities have not been subjected to the prospectus obligations of the Dominion Companies Act.

The Secretary of State has exhibited a great deal of ability in the way he has drafted the sections of this bill to carry out those recommendations. But he has stated that this bill impinges upon the field of property and civil rights, and he states also that he has never

been in favour of a dominion parliament filching under the guise of criminal legislation jurisdiction which belongs to the provinces. He sponsors the bill, but he went on to damn practically every section and almost pleaded with the house for leave to withdraw certain parts and to amend others which would destroy to a great extent the effect of the bill. Is this government legislation or is it not? Is this one of the great reforms? I go back to the Prime Minister, who said:

> In other words, the door must be locked before, not after the horse is stolen.

And further he said:

> The ravages of the promoter who operated in the period of 1922 to 1930 cannot now be repaired. But we can at least see to it that he does not operate again in the same way.

And this is the bill that does it. This is the reform promised us over the radio—the reform of the Companies Act of this dominion. The second recommendation is:

> All shares offered, both common and preferred, should bear equal voting rights.

That recommendation must be taken with a grain of common sense, and that grain of common sense is that shares having the same par value or issue price, representing the same amount of investment, must have equal voting rights. The Secretary of State spent a good deal of time attacking the recommendation and the bill—because the bill carries out the recommendation—on the ground that it would never do to give a five dollar no par value share the same voting right as a one hundred dollar preferred share. It does not require an elaborate argument to establish that fact, and if the wording of the commissioners who brought in the report is ambiguous in any respect it is the business of the draftsman advising the government to set right such a detail. The next section is:

> Management shares should be prohibited.

The minister accepts that recommendation without change. The next recommendation is:

> When the management of a company have become aware of the serious impairment of the capital of that company, they should be required forthwith to inform the directors of that fact, who shall be under obligation immediately to call a meeting of shareholders and put the above situation before them.

The Secretary of State spent some time this afternoon pointing out that this was wrongly worded. He said there might be cases of serious impairment when the shareholders should not be told about it. He remembers a case where the capital of a company with which he was acquainted was impaired to the extent of $3,000,000, and if the fact had not been kept from them there would have been a panic. And so he drafts the section, properly, in such a way as to define serious impairment. But the whole matter was done in such a way as to give the impression that those who were on the commission or who made the recommendation had no understanding, or at any rate only a primitive understanding of what they were talking about.

Mr. HANSON (York-Sunbury): That is true, isn't it?

Mr. ILSLEY: I imagine we could get a lot of assistance from the hon. gentleman who made that remark. The next recommendation is:

> Directors should be prohibited from speculating in the shares of their companies. They should be required to disclose annually to their shareholders the extent to which they have directly or indirectly purchased or sold their company's shares during the year.

That recommendation the Secretary of State criticized very severely but adopted, and I congratulate him upon the skill with which he defined the word "speculating." He did that very well. Then there is this recommendation:

> The first permanent directors of a company should be held responsible for all business transacted by the provisional directors.

That is accepted, but in such a way that a coach and four can be driven through it at any time; and from what I could gather from the minister's remarks, that is true of a good many sections. In connection with one section he said, "I can think of six or seven ways to get around that section." I do not know, therefore, what to say about this legislation; I do not know whether it is worth accepting or not. I think there are some good features about these recommendations and some good features about the legislation, and I am inclined to think the legislation is a little better than the minister would lead us to believe. His strictures upon his product are a little too severe; this is a sort of baby left on his doorstep by the hon. member for East Kootenay, and he is very much concerned about what to do with the child—

Mr. MACKENZIE (Vancouver): The unwanted child.

Mr. ILSLEY: Yes, the unwanted child. I would remind him, however, that there are a good many people in this country in whose ears there still resounds that radio speech by the Prime Minister wherein he said, "No longer will there be stock watering in this country; no longer will the horrible conditions that existed between 1922 and 1930 prevail"—

not between 1930 and 1935 but between 1922 and 1930. We were told that radical amendments would be made to the Companies Act.

I have two or three criticisms of this bill. I do not believe that the government has tackled the problem of stock watering in an effective way. I do not believe that the Prime Minister, when he delivered his radio speech last January, had in mind any idea as to how to tackle it. If he had anything in mind then, why does he not embody it in legislation, instead of sending the Secretary of State into this house with a measure which he damns, not with faint praise but with positive censure in every sentence of his speech? How will they stop stock watering? We offered two or three suggestions, one of which was that there should be set up a securities control board. The Secretary of State did not say anything about that this afternoon. It is to be through the dominion trade and industry commission, but it is not to sit and function on issues except when directed to do so by the Secretary of State. If we are to have an effective means of stopping stock watering, why did he not state this afternoon what he had in mind? There are certain sections of the bill through which a coach and four can be driven or around which anyone can get if he only exercises enough ingenuity.

When we come to the different provisions of the bill I may have a suggestion or two to make to improve some of the sections. In the meantime I make these general observations on this whole absurd situation. I have never seen or heard anything like it, and I have been in this house since 1926. Possibly I am speaking with a little more heat on this subject than I otherwise would had it not been for the occurrence earlier in the evening, but I want to make any constructive suggestions that can be offered. What can we expect, however, of legislation launched in this pessimistic, deprecating spirit?

Mr. MACKENZIE (Vancouver): Insincere.

Mr. ILSLEY: What can we expect of legislation launched in a spirit which makes it impossible for the legislation to do anything much—under the administration of this government at least—no matter what is said. I do not know whether it is intended to go into committee to-night on the clauses of the bill, but I would suggest that we go into it at a time when more than three members of the price spreads commission are present. It is not for my friend from Swift Current (Mr. Bothwell) and myself to defend the legislation against the Secretary of State; it is not for us to give him permission to withdraw it, as he seemed to think this afternoon, when he looked at us and said, "I do hope that hon. members will consider the withdrawal of that section or that amendment so as to make it different from the way I drafted it." The price spreads commission made certain recommendations and he proceeds to tear them to pieces because they are in conflict with his own bill of last spring. And then he says, "I embody them in this legislation but I hope the house will allow me to withdraw parts of the legislation because I think they will do a whole lot of harm."

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On clause 1—Short title.

Mr. CAHAN: I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

SUPPLY

EXTERNAL AFFAIRS

The house in committee of supply, Mr. Morand in the chair.

Tokyo—
Representation, including salaries and allowances for minister plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $68,800.

Mr. REID: When this item was up on a previous occasion, I asked some questions regarding this appropriation and it was allowed to stand for the time being until the Prime Minister's return.

Right Hon. R. B. BENNETT (Prime Minister): I have a note of the questions. The hon. member for New Westminster (Mr. Reid) asked why the government itself did not advance the money and make the payment for the building at the time. Mr., now Sir Herbert, Marler came here on his leave and he expounded to us the very great necessity of a building. Money was then costing us approximately five per cent, and we told him that the pressure of economic conditions was such that we did not feel we could provide the money until there was an improvement in revenue. He said that if we would permit him, he would construct the building and he himself would arrange a loan with the bank at five per cent; which would include charges of all kinds. The last money we borrowed at that time was costing in that vicinity. This year, at the earliest moment we felt we could do so, it will be

remembered we placed an item in the estimates of the Public Works department to pay that.

The next question was as to the number of employees in the office. There are twelve employees in all. The other question was as to how many rooms there were in the building. There are thirty-six. I am told by those who have visited Tokyo that the building is excellent, and its cost was within $549 of the estimate given by Sir Herbert Marler. It was felt that while under the circumstances it was a departure from the ordinary rule, nevertheless as we had a very, shall I say inconvenient building at the time, it was desirable, as a site was available, to construct the building that was erected.

Mr. REID: There is a good deal of doubt, especially in British Columbia, whether title to land in Japan is given to foreigners.

Mr. BENNETT: So far as ordinary tenure to individuals is concerned, I cannot say, but so far as the Dominion of Canada is concerned, I can say that we have title to the land on the same terms as has the British embassy.

Mr. POULIOT: May I put on record a return given in connection with the Tokyo building? It is dated April 9, 1935, and is as follows:

1. What percentage of interest has the Canadian government paid and still pays for the amount spent for the building of a Canadian legation in Tokyo?

The Canadian government has paid interest at the rate of 5 per cent on the cost to the government of the Canadian legation in Tokyo and will continue to pay interest at that rate until the principal is paid, which is provided for in estimates 1935-36, vote 96—Public Works, chargeable to capital.

2. What was the percentage of interest of the last issue of dominion bonds?

The last issue of dominion bonds previous to the agreement entered into by the government for the purchase of certain lands in Tokyo, Japan, and the erection thereon of buildings suitable for legation purposes yielded, on the two maturities, 5·17 per cent and 5·13 per cent.

The interest yield on the last issue of dominion bonds in October, 1934, was as follows:

2 year bonds, to yield 2·57 per cent.
5 year bonds, to yield 2·90 per cent.
8 year bonds, to yield 3·43 per cent.
15 year bonds, to yield 3·81 per cent.

This is a return, sessional paper No. 326 of this year. What is most extraordinary is that the government for a time was ready to pay five per cent interest on the expenditure for the building when it could borrow money at a much cheaper rate. This was not a sound business proposal, and it was only after the opposition drew the attention of the government to the matter that it decided to pay the capital sum and inserted in the estimates an item of $200,000 in order that no more interest might be paid. This is one more occasion when a constructive suggestion from the opposition is accepted by the government. If it accepted all the suggestions that come from this side of the house, it would be in much better shape now and so would the country.

Mr. BENNETT: I am afraid that statement cannot be allowed to go uncontradicted. The fact is that long before the return was moved for, the anticipated discussion had taken place in council and provision been made for payment to Mr. Marler for the money advanced.

Mr. POULIOT: What the Prime Minister has said just confirms what I said before.

Item agreed to.

Canada's portion of expenditure of the imperial economic committee and imperial shipping committee and the executive council of the imperial agricultural bureau for 1935, $18,690.

Mr. BENNETT: I suppose it is within the knowledge of hon. members that after the empire marketing board ceased to function, a conference was held at London of representatives of the United Kingdom and the various dominions and colonies, and it was arranged that instead of Great Britain paying the entire sum payments should be made by all dominions and by Great Britain. Great Britain made the largest unit payment, Canada the next, then Australia, then South Africa, then New Zealand, and finally one unit was paid by Newfoundland. That committee looks after our imperial shipping interests in connection with insurance matters for instance in Hudson bay and matters of that sort as well as the other items that are mentioned in the appropriation.

Mr. POULIOT: First of all there was a political union among the different parts of the empire and then it became economic. While in London some years ago the Prime Minister said that it was not so much an economic empire that we had, but we had to look for spiritual values and wider hopes—It was not a material thing. This item proves that our union with the British empire rests on an economic basis. When the Prime Minister speaks about spiritual values and wider hopes, this is for the future, but for the present we must rest upon economic matters. This

vote shows that he was quite wrong when he was speaking only about spiritual values and wider hopes. We have enough of these hopes for the future. We must look to the present.

Item agreed to.

Expenses in connection with the negotiation of treaties, $9,000.

Mr. POULIOT: This has to do with treaties. Some years ago the Minister of Finance said they had appointed Mr. Breadner to a privileged position because he was an expert in drafting treaties. When he had that job he did not draft a treaty. Now he is out, and we have treaties with different countries. May I ask the Prime Minister who is drafting treaties now that the expert Mr. Breadner is out of his job and on superannuation?

Mr. BENNETT: The government is getting along with the aid of such assistance as it has in the various departments.

Mr. POULIOT: That is all right, but either Mr. Breadner was an expert or he was not. We had the word of the Minister of Finance that he was an expert, and he was appointed to that new job made for himself because he was an expert to draft treaties, but he drafted none. It goes like that. They have no one at their disposal to draft treaties in the proper way, and that is why Canadian trade is going to the dogs.

Mr. MACKENZIE KING: Is it out of this appropriation that expenses are being met in connection with negotiations with the United States for a trade agreement?

Mr. BENNETT: There are no expenses in particular at the moment. The gathering of material and matters of that sort have been done by the permanent staff. When they have to leave Ottawa their living and travelling expenses are paid largely out of this vote. Last year this vote was not wholly expended, and I apprehend it will not be this year.

Mr. POULIOT: Not only that, but may I tell you, Mr. Chairman, that since this government have been in power our loss of external trade has been an average of one billion dollars a year, or three million dollars each day except Sundays, on account of the wrong drafting of treaties, and this government are responsible for that enormous loss. Now they come here like the burghers of Calais with the rope around their necks saying, "We ask for this little vote for the drafting of treaties." Everyone feels indignant over the wrong policies pursued by this government in regard to trade. They have wrecked our trade, they have never realized the importance of external trade. If you go back to what has been happening with regard to our external trade for the last five years you will be greatly surprised. I have here Hansard showing what has been the decrease in our external trade due to the nefarious policies of this government. Those figures have just been put on Hansard. I asked the hon. Minister of Trade and Commerce the other day what were our exports to Great Britain, he said: Our exports have been larger. He showed it as the domestic exports. I obtained some figures from the bureau of statistics and from himself, and the figures I got the other day from him were entirely different from those I got previously for the last calendar year from himself and from the bureau of statistics for the same period. What has been the loss in our external trade with Great Britain, and not only with Great Britain but also with other English possessions and countries excepting—

Some hon. MEMBERS: Carried.

Mr. POULIOT: No, it is not carried like that. I have it here. Sir, we have been told that the Ottawa agreements were a success. How is it the Prime Minister spoke on different lines at Bristol when he unveiled a monument to Lord Durham? He is here listening to me. What did he say? He asked for anonymous postcards, asked the people to send anonymous postcards lodging their complaints with him in regard to the business of Canada. Canada, the weekly published in London, mentioned the fact that he was the first Prime Minister who ever asked for anonymous postcards complaining about his own country. In England no one complains about Canada, but they complain about the way Canada is governed under his leadership. Is it not most ridiculous to think that the leader of the government of this country published an advertisement in the London papers asking the English people to send him anonymous postcards telling him their grievances about Canada? This, sir, is most absurd, it is inconceivable, but it was published in that paper. Was the right hon. gentleman sick at that time? I presume he was because a man of sane mind would never have done it.

The CHAIRMAN: I must ask the hon. member to withdraw that.

Mr. POULIOT: It is not an assertion, sir, it is a presumption. If it is against the rules of the house I withdraw it. But I find it absolutely absurd. This is a vote with regard to treaties; let us go further with it. What happened with regard to our trade with

the United Kingdom? How much was lost each year since this government came into power compared with the last twelve months that the Mackenzie King government was in power? These figures come from official records and no one on the other side from the Prime Minister down can contradict them. The first year he was in power our trade with the United Kingdom was $155,143,483 less. The second year it was $247,341,815 less. The third year it was $226,594,446 less. The fourth year it was $114,375,846 less. Yet they say: We are doing better than the Liberals did when they were in power. The total loss for the four years this government was in power up to August 31, 1934, was $743,455,590. This appears on page 2237 of Hansard. This is how we have lost our trade since this government have been in power on account of the wrong way in which treaties have been drafted since 1930.

Sir, it is very difficult to draft a treaty. It takes experts. You remember that when President Wilson went to Versailles to attend on the drafting of that famous treaty, some provisions of which have been before us in this house this year, he was surrounded by a legion of experts, including the chef of the Waldorf-Astoria. He was surrounded by geographical experts, economic experts and experts in this and that. Who were the experts who accompanied the right hon. gentleman on his numerous trips abroad? They were just freshmen and sophomores without the least bit of experience in regard to the changes that might be made in the drafting of one item in one treaty. Does not the Prime Minister and each of his colleagues realize the importance of the least change in a treaty? Sir, how were the tariff items changed from 1930 to 1933, when for the first time a tariff board was appointed by this government? They were changed at the request of some shortsighted people, the privileged few who were friends of this government and who came here asking for favours. Properly they should have asked for rights, not for favours, because they were asking the Prime Minister and his colleagues to kill the goose that laid the golden egg. During the special session of 1930 the corridors of this house were infested with those birds of prey who made so much money during the war, those well known profiteers who were so close to the government as to be subscribers to Tory party funds. They came here asking for a ransom, and they got it, in the stupid tariff of the special session of 1930. Was that drafted with the care with which a treaty would be drafted? It was not.

During the last campaign we heard a great deal about the treaties with New Zealand and Australia, which were condemned throughout this country. The Prime Minister and his colleagues said everywhere, "We will draft treaties that will fight for you." They drafted policies that fought against the Canadian people. The London conference of 1930, at which all the mistakes could have been mended, was a complete failure because of the attitude of the Prime Minister. It was a fiasco. There the right hon. gentleman met the representatives of the other British dominions, but probably he was not on speaking terms with them. Therefore, there was no agreement with Australia and New Zealand, with whom we had been trading all the time. There was an instance in which the Prime Minister showed that he was not an expert in drafting treaties and coming to agreements with other parts of the British Empire. Afterwards what did we see? We saw the then Minister of Trade and Commerce go to Honolulu to meet the representatives from the antipodes, with whom he arrived at agreements after the Prime Minister and his colleagues, in different parts of Canada, and especially in the eastern townships, had condemned the previous government for importing butter from New Zealand and Australia.

During the three months preceding the election of 1930, huge quantities of butter were imported into this country. In the records of this house will be found a question by the hon. member for Témiscouata, asking who were those who imported such quantities of butter during that period. The Prime Minister rose in his place and said it was not the policy of the government to divulge that information. Is it not true that this butter was imported mainly with the funds of the Tory party in order to lower the price of butter as propaganda against the Liberal party? It was most absurd to import butter at that time, July, June and May, because those are the months during which the production of butter in the antipodes is the smallest. That shows clearly that this butter was imported only for political purposes, and probably that is why the government refused to answer that proper question.

What about those treaties, sir? Is it not right to ask the Prime Minister and his colleagues about their treaties with Australia and New Zealand? During the special session of 1930 they raised the tariff, but a year later

they lowered it when the then Minister of Trade and Commerce met the representatives of these countries at Honolulu.

Progress reported.

CORNWALL BRIDGE COMPANY

Mr. J. S. STEWART (Lethbridge) moved:

That pursuant to special order of the house made on the 6th instant the following bill be now read a first and second time and referred to the select committee on miscellaneous private bills, namely Bill letter S-2 of the senate, intituled an act respecting the Cornwall Bridge Company.

Mr. F. T. SHAVER (Stormont): Mr. Speaker, I had expected that this bill would come up in the house, and it is my desire to oppose it on second reading. Therefore I move the adjournment of the debate.

Motion agreed to and debate adjourned.

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

Monday, June 17, 1935

The house met at 3 o'clock.

DOMINION FRANCHISE ACT

EVIDENCE IN APPEAL TO JUDGE FROM RULING OF REGISTRAR OF ELECTORS

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 109 to amend the Dominion Franchise Act.

Some hon. MEMBERS: Explain.

Mr. MACKENZIE (Vancouver): Is this another elections act? Are we to have one every day?

Mr. CAHAN: Mr. Speaker, as the explanation would be somewhat lengthy I prefer to state simply the purport of the bill and give the details on second reading. This bill provides for a new subsection 5 to section 32 of the Dominion Franchise Act which section deals with the hearing by a judge of appeals from the decisions of a registrar. The amendment is to the effect that, in making an order for the retention of names on or the removal of names from the list, the judge must have before him affirmative evidence showing that the person is disqualified and nonresident or that he is qualified and resident. This will affect prospective appeals in connection with 4,000 cases in one constituency alone. The next amendment has been suggested by the law clerks of this house and is to make a change in one word in the French version. The French law clerk says that this is merely a clerical correction. The word "removal" is used in the English version and he contends that this should be translated as "déménagement" intead of "destitution."

[Mr. Pouliot.]

Mr. LAPOINTE: Will the first amendment referred to by the minister apply to the present revision?

Mr. CAHAN: It will if this bill is passed before June 30. If hon. gentlemen desire me to go into details I am perfectly prepared to do so but otherwise I prefer to leave that discussion until the second reading.

Motion agreed to and bill read the first time.

JUVENILE DELINQUENTS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved the first reading of Bill No. 106 to amend the Juvenile Delinquents Act.

He said: This bill which comes from the Senate proposes to amend the Juvenile Delinquents Act by a clause limiting the time for the bringing of prosecutions. It proposes also to amend the section with regard to probation officers, which section does not apply to Alberta. The government of that province have requested that this section be made applicable to Alberta. There is another slight amendment adding some words to the clause which provides that it is no defence if a child does not eventually become delinquent.

Motion agreed to.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 107, to amend the criminal code.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This is another bill passed by the Senate. It provides for the amendment of two sections in the criminal code having regard to offences against the delinquency act which now appears in the code. It is to make the bills correspond.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SHELBURNE COUNTY, N.S., MAIL CONTRACTS

Mr. RALSTON:

1. How many mail contracts are there in Shelburne county, N.S., which will expire from this date to December 31, 1935?
2. What routes are they?

3. Who are the contractors for the respective routes?
4. What is the contract price for each route?
5. Have any of these been offered to be renewed to the present contractors or to other person or persons, without public tenders being called for?
6. If so, to whom and for what price or amount of contract?
7. Will public tenders be asked for any of these renewals, and if so in what newspaper or newspapers will such advertisements be published?

Mr. SAUVE:

1. 19.

2, 3 and 4.

Name of Service—Contractor—Contract price

Barrington and Brass Hill—Mrs. E. M. Garron—$300.

Birchtown and railway station—E. G. Mahoney—$62.60.

Cape Sable Island south side and North East Point wharf—Everett Chase—$705.68.

Churchover and railway station—E. G. Mahoney—$195.

Clark's harbour and North East Point wharf—Everett Chase—$500.

East side of Ragged islands and Rockland —M. Huskins—$132.

Gunning cove and railway station—J. E. Goulden—$100.

Jordan bay east side and railway station—J. C. Sears—$125.

Jordan Falls and railway station—D. P. Holden—$336.

North West harbour and railway station—A. Doane and Frank McKay—$305.

Port Clyde and Upper Port LaTour—E. R. Reynolds—$350.

Port Saxon and railway station—Walter A. Thomas and H. S. Greenwood—$190.

Rockland and railway station—M. Huskins —$200.

Roseway and railway station—C. D. Hagar —$150.

Sable River and railway station—Earl L. Giffin—$219.10.

Sable River west and railway station—Earl L. Giffin—$209.

Shelburne and Upper Clyde river—C. Hipson—$156.

Shelburne No. 1 R.R.—J. M. Bower—$475.

Stony island and North East Point wharf —E. Cunningham—$295.

5 and 6. Yes.

Birchtown and railway station—Stillman Acker—$62.60.

Cape Sable island south side and North East Point wharf—E. Chase—$705.68.

Churchover and railway station—Stillman Acker—$195.

Clark's harbour and North East Point wharf —E. Chase—$500.

East side of Ragged islands and Rockland —M. Huskins—$132.

Gunning cove and railway station—J. E. Goulden—$100.

Port Clyde and Upper Port LaTour—E. R. Reynolds—$350.

Port Saxon and railway station—Walter E. Thomas and H. S. Greenwood—$190.

Roseway and railway station—C. D. Hagar —$150.

Sable river and railway station—Leslie Freeman—$200.

Sable river west and railway station—Leslie Freeman—$200.

Shelburne No. 1 R.R.—Jas. M. Bower—$475.

Stony island and North East Point wharf —E. Cunningham—$295.

7. Yes.

Barrington and Brass Hill.

Jordan bay east side and railway station.

Jordan Falls and railway station.

North west harbour and railway station.

Shelburne and upper Clyde river.

Department has discontinued practice of advertising contracts in newspapers.

MELFORT, SASK. ARMOURY

Mr. DONNELLY:

1. Is an extension being made to the armoury at Melfort, Saskatchewan; if so, at what cost?
2. On whose recommendation is this work being undertaken, and for what purpose?

Mr. STEWART (Leeds):

1. Tenders for alterations and additions to the public building at Melfort, Sask., which contains the armoury, will be received on Tuesday, June 25, 1935, at 12 o'clock noon. Actual cost will not be known until tenders are received.

2. Requested by Melfort board of trade in May, 1931, by Post Office Department August 21, 1934, and by National Defence department September 22, 1934, to provide adequate accommodation for Post Office Department and National Defence department.

SAINT JOHN, N.B. PIERS

Mr. VENIOT:

1. Have tenders been called for the reconstruction of piers one, two, three and four at Saint John, New Brunswick?
2. Were tenders called by public advertisement or by private invitation to certain persons or corporations?
3. If no tenders have yet been called, will they, when made, be by public advertisement?

Mr. DURANLEAU:

1. Yes.
2. By invitation.
3. Answered by 1 and 2.

HALIFAX, N.S. GRAIN ELEVATOR

Mr. RALSTON:

What quantity of grain was handled through the grain elevator in Halifax during each of the years 1931, 1932, 1933, and 1934?

Mr. DURANLEAU: The following information has been furnished by the Halifax harbour commissioners:

	Receipts	Shipments
1931.. ..	1,224,192 bushels	1,126,787 bushels
1932.. ..	2,562,080 "	1,695,420 "
1933.. ..	2,817,367 "	2,741,797 "
1934.. ..	3,407,715 "	2,517,046 "

GUELPH, ONT., POST OFFICE

Mr. BLAIR:

1. Was property purchased for a post office site in Guelph?
2. If so, at what price?
3. Who owned the property before the purchase was made?
4. What is the estimated cost of the post office?

Mr. STEWART (Leeds):

1. Yes.
2. $45,000.
3. The Cutten Co. Ltd.
4. $159,038 exclusive of interior fittings, furniture, etc.

CAMPBELLTON-GASPE MAIL SERVICE

Mr. MICHAUD:

1. Do the mail clerks on the Campbellton-Gaspe railway mail service receive full mileage remuneration for the distance covered by the postal car?
2. If not, why?

Mr. SAUVE:

1 and 2. The railway post office operates between Gaspé and Matapedia.

Railway mail clerks are paid full mileage for the distance covered by the railway post office.

OWL RIVER, ALTA., MAIL SERVICE

Mr. STEWART (Edmonton):

1. Has a post office been opened in the Owl river settlement, Lac La Biche, Alberta?
2. Who has been appointed as postmaster and on whose recommendation?
3. Has the same postmaster received a contract as mail carrier for this post office and on what terms?
4. Was a petition received from a large majority of the settlers of this district regarding the location of a post office and the appointment of a postmaster?
5. If so, were the recommendations accepted, and, if not, for what reasons?

Mr. SAUVE:

1. Post office authorized but not yet reported as opened.

[Mr. Duranleau.]

2. Edmond Tournier recommended by district superintendent of postal service, Edmonton, and P. G. Davies, M.P.
3. Yes. $150 per annum.
4. A petition bearing twenty-seven names was received in September, 1933, recommending R. W. Lacroix. Another petition with twenty-eight signatures was received in February, 1934, recommending John Viksush.
5. The district superintendent submitted information that Mr. Tournier was the most suitable applicant.

SOUTH BAY MOUNT—MANITOULIN ISLAND, DOCK

Mr. SANDERSON:

1. Has the building of a dock at South Bay Mouth on the Manitoulin island been completed?
2. What was the total cost?
3. Was it built by tender and contract; if so, what is the name and address of the contractor?
4. Was the building of this dock recommended by the departmental engineers?
5. Did the government purchase a dock at South Bay Mouth, Manitoulin island, before the building of the new dock; if so, from whom was it purchased and the price?

Mr. STEWART (Leeds):

1. Yes.
2. $10,511.55 exclusive of cost of dock expropriated.
3. (a) By contract.
   (b) L. R. Brown & Company, Ltd., Sault Ste. Marie, Ont.
4. Yes.
5. (a) Yes.
   (b) Expropriated from William Ainslie Jr., an offer $900 being made for same.

QUESTION PASSED AS ORDER FOR RETURN

ST. JOHN'S MILITARY SCHOOL

Mr. RHEAUME:

What are the names of persons or companies who secured contracts at the military school of St. John's, Quebec, from January 1, 1934, to June 1, 1935, to supply (a) meat; (b) vegetables; (c) groceries; (d) ice; (e) fuel; (f) hay, straw and grain?

MOTIONS FOR PAPERS

FARMERS' CREDITORS ARRANGEMENT ACT

Mr. GOTT:

For a copy of all correspondence, letters, telegrams and other documents, exchanged between the Mininster of Finance or any officers of his department and any minister or official of the Ontario government, regarding the Farmers' Creditors Arrangement Act, since the coming into effect of the said act to date.

NATIONAL RESEARCH COUNCIL

Mr. SANDERSON:

For a copy of all the correspondence between the government and Dr. H. M. Tory, concerning the retirement of Dr. H. M. Tory, as head of the National Rerearch Council.

CIVIL SERVICE GRADE FOUR

On the orders of the day:

Miss AGNES MACPHAIL Southeast Grey): I wish to direct to the Secretary of State a question based upon a letter I have received from the Canadian Federation of University Women, signed by Mrs. J. L. Savage. It has to do with the establishment of a new grade of civil servants, grade 4, which seems to provide for the passing of highly qualified university graduates directly into this grade of the service. This letter informs me that only men and not women are to be accepted in grade 4. I should like to have a statement from the Secretary of State.

Hon. C. H. CAHAN (Secretary of State): I shall have to examine the documents and make reply at a later date. I will reply as early as conveniently possible.

B.C. RELIEF CAMP STRIKERS

MOVEMENT OF SOLDIERS INTO CALGARY TO PROTECT GOVERNMENT PROPERTY

On the orders of the day:

Mr. E. J. GARLAND (Bow River): May we have an answer from the Minister of National Defence as to whether troops were moved into Calgary at the request of the Alberta government or not.

Hon. GROTE STIRLING (Minister of National Defence): On the 6th instant the district officer commanding, consequent on information which had reached him, decided to bring back a small party of Lord Strathcona's Horse, thirty-seven in number, to the barracks in Calgary. They were so moved on the 7th. On the 8th the attorney general telephoned him from Edmonton, asking him whether troops were available should they be required. That message was in consequence of a communication which he had received from the mayor of Calgary. The district officer commanding informed the attorney general that troops were available but could not be moved except at his request or in accordance with the proper precedents. He could not supply troops at the request of the mayor of Calgary. The attorney general then informed the district officer commanding that he was then informing him that the situation might become such as would make it necessary for him to request that troops should be provided. The district officer commanding informed him that the troops were there and, if the proper course of procedure was followed, would be made available.

Mr. GARLAND (Bow River): The point then is that there was no direct request from the Alberta government for the movement of these troops.

Mr. STIRLING: It had not reached the situation where the attorney general saw fit to ask for the assistance of troops.

PRIVILEGE—MR. SANDERSON

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I rise to a question of privilege. I was not in Ottawa on Friday, the 14th, and on my return to the city this morning I read Hansard of Friday, June 14. I wish to refer to the remarks of the Right Hon. the Prime Minister (Mr. Bennett) on Bill No. 98, with reference to the Canadian grain board. As reported in Hansard at page 3640, the Prime Minister made a statement in regard to a meeting of the banking and commerce committee on March 22, 1934, a committee of which I happen to be a member. I would bring to your attention, Mr. Speaker, the fact that on March 22, 1934, the standing committee on banking and commerce met at four o'clock in the afternoon, adjourned at six o'clock, and had another meeting in the evening at eight o'clock. I assume that the Prime Minister is referring to the afternoon session of that committee, and he is reported as saying:

> The committee voted, with eastern Canada Liberals forming the minority, not to have Mr. McFarland give that information.
>
> The information is in connection with the holdings of wheat by Mr. McFarland.
>
> This is from the morning Citizen of March 23, 1934. The following Liberals voted to disclose the figures:
>
> Hurtubise, Nipissing; Raymond, Beauharnois; Lapointe, Quebec East; Power, Quebec South; Mackenzie, Vancouver Centre; Ralston, Shelburne-Yarmouth; Howard, Sherbrooke; Donnelly, Willow Bunch; Duff, Antigonish-Guysborough. Conservatives, Progressives and the remaining Liberals on the committee opposed the publication.

I take exception to that last remark of the Prime Minister, that Conservatives, Progressives "and the remaining Liberals"—I am referring especially to "the remaining Liberals on the committee"—opposed publication. I am surprised that the right hon. the Prime Minister—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member will please state the question of privilege.

Mr. SANDERSON: Am I not within my rights?

Mr. SPEAKER: Not to discuss a statement made by the Prime Minister. If the hon. gentleman wishes to state his position, he may do so.

Mr. SANDERSON: I am attempting to do that. I am only referring to remarks of the Prime Minister on Friday last when he said—

Mr. SPEAKER: I have heard them read by the hon. member, but he was continuing to say that he was surprised at something. Will he be good enough to make whatever correction he wants to make?

Mr. SANDERSON: My surprise is this, that the Prime Minister in referring to a vote of a standing committee of this house, should take the vote from a newspaper rather than from the recorded vote of a committee of the house. I am attempting, if Your Honour will permit me, to refer to the recorded vote.

Mr. SPEAKER: Will the hon. member kindly state the point to which he wishes to take objection? I presume he wishes to make the correction if he did not vote.

Mr. SANDERSON: I would prefer to make my own statement.

Mr. SPEAKER: Will the hon. member be kind enough not to make a speech, but to make the correction he wishes and confine his remarks to that.

Mr. SANDERSON: I am not attempting to make a speech. I want to put on record that I was not at that meeting on March 22 as a member of that committee. I was not in Ottawa and consequently was not at the meeting. The recorded minutes of that meeting—and I have them under my hand—of Thursday, March 22, 1934, show that there were forty-four members present at that meeting out of a total of fifty. I was one of the absentees; I was not there and consequently I did not vote. My point is that the Prime Minister has no right to count me as opposing the motion in regard to publishing the quantity of wheat that Mr. McFarland and his associates had on hand. Had I been at that meeting, I would have voted to publish the report.

Mr. SPEAKER: The hon. member has no right to make a statement like that. He can make a correction, but he should not make such a statement.

[Mr. Sanderson.]

CANADIAN GRAIN BOARD

MEETING OF SELECT COMMITTEE TO CONSIDER BILL

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask the Prime Minister, who is chairman of the committee to which the grain board bill has been referred, if he will kindly advise the house as to when the committee is to be called together?

Right Hon. R. B. BENNETT (Prime Minister): I am not chairman of it. The committee selects its own chairman.

Mr. MACKENZIE KING: I assume the right hon. gentleman will be.

Mr. BENNETT: The right hon. gentleman should not make any such assumption. The point is I am not the chairman of the committee; it will select its own chairman, but I have ascertained that the course to pursue is to try to give notice for it to meet to-morrow morning. As my name is the first alphabetically and the convener, I have asked that the members of the committee be communicated with as far as possible to meet to-morrow morning at half past ten o'clock.

AIR TRANSPORTATION

On the orders of the day:

Hon. W. D. EULER (North Waterloo): In the absence of the Minister of Railways (Mr. Manion), I should like to ask the Prime Minister whether it is a fact that the two railways, the Canadian National and the Canadian Pacific, have formed an organization for the purpose of carrying on the business of transportation by air?

Right Hon. R. B. BENNETT (Prime Minister): I have no advice to that effect, nor had I heard of it until the hon. gentleman raised the question. Both the Canadian Pacific and the Canadian National were shareholders in Canadian Airways, each having subscribed—and this was I think before we came into office—for $250,000 worth of stock in that enterprise. It is possibly that to which the hon. gentleman refers.

Mr. EULER: It may be.

Mr. BENNETT: That is some time ago.

PERFORMING RIGHT SOCIETY

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Might I ask the Secretary of State when he expects to receive the report of Judge Parker who

was appointed to investigate charges against the Canadian Performing Right Society? When he does get it, will he make it available to the house?

Hon. C. H. CAHAN (Secretary of State): I have no knowledge of when the proceedings will be terminated. They are being carried on as rapidly as possible and, as I understand, are approaching a conclusion, but so soon as I ascertain that the investigation is closed and I receive a report, I shall announce that fact to the house.

FIRST NARROWS BRIDGE

On the orders of the day:

Mr. A. E. MUNN (Vancouver North): On behalf of the promoters of the First Narrows bridge at Vancouver I wish to ask the Prime Minister a question. This application has been before the government for several months and in the meantime the promoters have spent upwards of a million dollars working on a townsite in West Vancouver. My question is: If as suggested, the south pier of the proposed First Narrows bridge, as shown on the plan, be moved fifty feet north, giving full 1,500 distance between piers, will the government consent and give authority for the promoters to proceed with the construction?

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman sent a note to my office this morning stating that he proposed to ask this question. I have not had an opportunity to look at the map, so I shall endeavour to give him a detailed answer tomorrow. The sole question is whether the north pier is sufficiently far north to prevent the possibility of its being said during the seventy-five years that will elapse in the lifetime of the bridge, that the widest possible channel is not available for navigation in the narrows fairway of the harbour of Vancouver, whether it cannot be moved to a sufficient distance to prevent further dredging to widen the channel. The question from time to time has been whether the pier would be moved so far north that it could not be moved further north, so as to make it impossible to contend that the channel has been unduly narrowed. That is the whole story. At any time the promoters satisfy the government that the pier cannot be moved further north so that the narrows fairway cannot be enlarged in the future, the matter is ended. I tried to make that clear to the hon. gentleman some months ago.

PENSIONS FOR THE BLIND

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Might I ask the Prime Minister a question? Last week a motion to concur in the report of the committee dealing with old age pensions for the blind was stood over at his request. Does he intend to let it proceed or to make some statement in connection with it?

Right Hon. R. B. BENNETT (Prime Minister): The matter has been engaging the attention of the government. If the report is adopted in the terms in which it now stands, this involves a radical departure from parliamentary procedure, and no decision has been reached as to just what action should be taken.

MAJOR GENERAL ASHTON

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I have a question to direct to the Minister of National Defence. Major General Ashton has been appointed chief of staff of the minister's department. What salary will he receive, and if he is on a contract for a number of years, will the minister kindly state the terms?

Hon. GROTE STIRLING (Minister of National Defence): The salary of General Ashton on assuming the duties of chief of general staff is $7,500. It is not under contract.

WEIGHTS AND MEASURES ACT

CONSIDERATION OF SENATE AMENDMENTS

Hon. R. B. HANSON (Minister of Trade and Commerce): The Senate have made to Bill No. 70, to amend the Weights and Measures Act, several amendments, all of which except one it is desired to concur in. The first amendment is to section 1 of the bill, adding to the statute a new paragraph (f) defining the expression "pre-packaged goods." The proposed amendment is to add the following as subsection 2 of section 1:

(2) Section two of the said act is further amended by adding the following as subparagraph (f):—

(f) the expression "prepackaged goods" or "prepackaged articles" includes any article which is packaged or made up in advance ready for resale in a wrapper or container, and where any article packaged or made up in a wrapper or container is found on any premises where such articles are packaged, kept or stored for sale, the article shall be deemed to be packaged or made up in advance ready for retail sale unless the contrary is proved.

There is no difficulty about that.

The next amendment proposed by the Senate is to section 8 of the bill, page 3, where in line 25 the word "and" is struck out and replaced by a comma in the interests of charity and good English. That amendment may be accepted without question.

The next amendment is to section 10 of the bill, page 4, which amends section 63 of the act which by the bill is repealed and a new section substituted therefor. Section 10 of the bill is the section that sets up new penalties for short weights, measures or counts. In the bill as drafted and passed by this house the minimum penalty for a first offence was a fine not exceeding $50, and the Senate have amended that by reducing the minimum to $10. For a second offence the minimum set up by the bill as passed by this house was $100 and the Senate amendment reduces that to $50. That is accepted.

The Senate have also amended section 10 by adding thereto a new subsection (4) which provides:

(4) No proceeding shall be taken under the provisions of this section in respect of prepackaged goods or articles if the person proceeded against has already been convicted under section twenty-three of the Food and Drugs Act, of a breach of the provisions of section seven, paragraph (f) of the said act in respect of the same goods or articles.

The idea is that a person accused should not be convicted under two different acts for the same offence. I think that is perfectly sound.

Mr. MACKENZIE KING: The minister in reading the amendment said section 17, but the amendment reads section 7.

Mr. HANSON (York-Sunbury): It is section 7 of the Food and Drugs Act. Perhaps the right hon. gentleman did not catch my statement. The idea is that if the person against whom the proceedings are taken under the Weights and Measure Act has been already convicted under a similar section of the Food and Drug Act no proceedings shall be taken on the same set of facts. The two acts more or less overlap, and that amendment I think is quite in order.

But the Senate have added a further subsection (5) to section 63 of the Weights and Measures Act with respect to an alleged deficiency of weight or measure of prepackaged goods. I will read the amendment as passed by the Senate:

(5) In any proceedings under this act in respect of an alleged deficiency of weight or measure of any prepackaged goods, the court shall disregard any inconsiderable variation in the weight or measure of a single article, and shall have regard to the average weight or measure of a reasonable number of other articles of the same kind, if any, sold or delivered by the defendant, or in his possession for the purpose of sale or delivery, on the same occasion.

Very considerable thought has been given to that proposed amendment by the departmental officials. The subsection put into the act by the Senate is substantially similar to a section of the imperial Sale of Foods Act, 1926 (Weights and Measures) 16 and 17 George V, chapter 63, and was placed in the imperial act as "a safeguard to traders." In the imperial act this safeguarding section is unquestionably justified, as that act establishes two offences: (a) sale of prepacked article short weight; (b) having in the trader's possession for sale or delivery, prepacked article short weight. Section 10 of the imperial act gives weights and measures inspectors authority to inspect prepacked articles and to compel the sale of any short weight article disclosed on any such inspection. In view of the offence created by paragraph (b) mentioned above this safeguarding section is quite reasonable.

It is pointed out that the Canadian Weights and Measures Act establishes only one offence, namely, sale by short weight, and the weights and measures inspectors, if short weight in prepacked goods is disclosed upon inspection, have no authority to compel sale to secure evidence of an offence, such as they have in the English act.

In this connection I am advised by the field officers that the trader generally refuses to sell short weight prepacked articles to them for evidence, in which he is quite within his rights in our statutes. It is submitted that this safeguarding section is unnecessary and should be deleted. Should it remain it is pointed out that the enforcement of section 63 as amended by the Senate is going to be seriously handicapped and the courts placed in a quandary in applying this section to any offence taken to prosecution, in which the accused may set up the defence that the articles in question were prepacked and claim the protection of the section.

The offence of sale by short weight under our act is disclosed by test purchases made by the independent shoppers. In a test purchase of four items, should two be short weight an offence is undoubtedly established. If these two short weight items be "prepacked" then this section applies, and the following difficulties will have to be considered: (a) How can the article in hands of an independent shopper be identified as a

prepacked article (b) How can "reasonable number of other articles of the same kind"—that is the language of the section—be inspected and found short weight "on the same occasion"—those are the words in the English act—when only one was purchased.

I need only point out that difficulty to gentlemen of the legal profession to have them appreciate the point (c) Should the short weight item be brown sugar for instance, would a package of tea short weight for the second item be an "other article of the same kind" under this section? (d) Would short weight in the trader's store, found on an inspection after the test purchase was made, be on "the same occasion"? These difficulties as set out, it is submitted, practically nullify section 63 of the act in so far as it applies to its enforcement against prepacked articles, and it is thought by the officers of the department that we cannot accept the Senate amendment.

Other amendments made by the Senate are such as can readily be accepted. For instance, section 15, page 5 of the bill, has been amended by the Senate by inserting the words "guilty of an offence and." Also the same words have been inserted in section 16 after the words "shall be" in line 7. I may say that I suggested the insertion of these words myself but the draftsman said they did not matter and he overruled me as I did not like to enforce my own opinion against his.

The next amendment is to section 17, page 6 of the bill, where the Senate have struck out the section altogether, and the officers of the department agree that section 80 of the existing act should be repealed. That has to do with the sending of inspectors from one district into another. If the section is repealed the limitation which was on the authority of the inspectors to go from one district into another will be removed entirely. The section as drafted in the bill gave authority for the inspectors to go in, but it is pointed out that if we repeal the section altogether there will be no question about their authority.

Then the Senate have amended section 18, page 6 of the bill, by inserting the word "lawfully" in line 26 of the new section 82A. I would have assumed no regulation would be of any effect unless it was made lawfully, but if it is considered that the word "lawfully" should be used, of course there is no objection.

The Senate have added another section to this bill at the end thereof, section 19.

Mr. ELLIOTT: There is no section 18 in the original act.

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

Mr. BOTHWELL: I think that was added when the bill was in committee.

Mr. HANSON (York-Sunbury): Yes, it was. Section 81 (a) was added in committee and the bill was reprinted before it went to the Senate. A new section 19 was added by the Senate, as follows:

The said act is amended by inserting the following section immediately after section eighty-two thereof:

82a. In prosecutions under sections sixty-three and sixty-four of this act—

Those are the short weight and unjust scales sections, the two important sections of the act.

—although absence of mens rea shall not be a defence it may be deemed to affect the amount of penalty to be imposed in the circumstances and as to that issue it may be proved.

It will be recalled that in the Canadian Weights and Measures Act there is no necessity of proving intent to deceive. In the English act they have inserted the principle of mens rea. This is a compromise position, I should say, between the two points of view. The officers of the department take the ground that if you have to prove guilty intent you will never get a conviction. This proposed amendment provides that while it is not necessary to prove guilty intent the absence of mens rea may be taken into consideration by the magistrate in amelioration of the offence. I think perhaps that is quite right, and I think this house will agree to the amendment.

I think I have covered all the amendments, with one possible exception. In section 16, amending section 77 of the act, they have added the words, "guilty of an offence" in the twenty-first line. That is agreeable to the government. In view of that, therefore, I move:

That all the amendments made by the Senate to amend the Weights and Measures Act, be concurred in except subclause (5) of section 10, proposed to be added to the bill by the sixth amendment, which is not agreed to for the following reasons:

If allowed to stand, this section would practically nullify section 63 of the Weights and Measures Act in so far as its enforcement in connection with prepackaged articles is concerned.

Evidence of short weight under the Weights and Measures Act must be obtained by a test purchase, usually made by independent shoppers.

Such being the case, it is pointed out that to get the "average weight or measure of a reasonable number of other articles of the same kind on the same occasion" is clearly impossible. It is not practicable to purchase what might be considered "a reasonable number of articles of the same kind" and an

inspection of prepackaged articles in a store by an inspector, either before or after the making of a test purchase, is not "on the same occasion."

The trader is adequately safeguarded against picayune or vexatious prosecutions, by the fact that all proceedings under section 63 of the act must receive the consent of the Minister of Trade and Commerce in writing.

The amendment proposed by the Senate is substantially the same as section 10 of the imperial Sale of Foods Act. In addition that act provides that an inspector can compel the trader to sell him short weight articles as evidence for prosecution when short weight in prepackaged articles is found on inspection on the trader's premises.

Such authority is not contained in the Canadian Weights and Measures Act, which renders the proposed amendment unnecessary while making the enforcement of section 63 extremely difficult in so far as prepackaged articles are concerned.

And I should add:

And that a message be sent to their honours acquainting them with the attitude of this house.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I regret that under our rules we do not go into committee on these amendments, and that they are not subject to debate. I believe there is another bill coming down to which fifty-three amendments have been made, and I do not think we can adequately consider those amendments without going into committee on them. I should like to ask the minister, if he will allow me to do so informally—I know I am not within my rights—if it would not be better to put in the English translation of those words "mens rea." Some of these prosecutions no doubt will be conducted before justices of the peace, and it is hard to explain to a couple of country J.P's in a remote place, just what mens rea means. It would be quite easy to put in the correct English interpretation, so why not do it?

Mr. HANSON (York-Sunbury): If I may be allowed to speak, I would refer my hon. friend to any legal gentleman in the house, who probaby will tell the hon. gentleman that the term is so well understood in the legal profession that I do not think we should change it. I suppose "guilty intent" would be a fair interpretation or translation of the words, but I think we had better leave them as they are. I think everyone knows or should know what mens rea means.

Mr. NEILL: I am willing to gamble a small sum with the minister that the average country justice of the peace could not give a correct definition of mens rea.

Motion agreed to.

[Mr. R. B. Hanson.]

ADMIRALTY ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 88, to amend the Admiralty Act, 1934.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: There are two amendments proposed. The first is to correct what was evidently a mistake in the act passed last year, in section 24, where the word "debtors" was inserted where the word "creditors" should have been inserted. The second amendment is in regard to appeals from a local judge in admiralty. The bill as passed provided for an appeal to two judges of the exchequer court. The president of the exchequer court has informed us that it is very seldom that both exchequer court judges are in the city of Ottawa at the same time, since they have to travel about the country, and he requests that the act be left as it was formerly, with the appeal to one judge of the exchequer court.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

LOAN OF $750,000,000

RESOLUTION AUTHORIZING MINISTER OF FINANCE TO RAISE FUNDS FOR REDEMPTION OF SECURITIES

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That the governor in council be authorized to raise by way of loan under the provisions of the Consolidated Revenue and Audit Act, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars, for paying or redeeming the whole or any portion of loans or obligations of Canada, and for purchasing and withdrawing from circulation unmatured securities of Canada.

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

Mr. MACKENZIE (Vancouver): May I ask the minister if there is any substantial change from the resolution passed last year?

Mr. RHODES: Mr. Chairman, this resolution and the bill which will be founded upon it are in precisely similar terms and amounts to the borrowing bill passed in the year 1933. It will enable us to take care of maturing obligations and certain refunding operations, as the opportunity may present itself during the course of the year, and projecting into the following year. It merely makes provision for the necessary legislative authority for such funding and refunding.

Mr. MACKENZIE (Vancouver): Has the minister before him the details of the amounts refunded by the administration during the last year?

Mr. RHODES: I am sorry I have not at the moment, but I shall give the hon. member the information when I move second reading.

Mr. EULER: What sums actually mature?

Mr. RHODES: On June 11, treasury bills falling due amount to $35,000,000; on June 22, treasury bills to the amount of $15,000,000; July 1, debenture stock, school lands, to the amount of $33,293,470.85; July 15, treasury bills, $15,000,000; August 1, one-year treasury bills, $50,000,000; October 15, a maturity of $25,000,000, and on the same date $89,393,000, making a total of $262,686,470.85. Those are maturities in Canada.

Then, in New York on August 1, there is a maturity of $874,000; on September 1, one-year notes, $50,000,000; January 30, 1936, treasury bills dated August 30, 1934, $2,737,986.67, and on February 1, 1936, a loan of $40,000,000 falls due.

Mr. EULER: What is the total?

Mr. RHODES: The two amounts, that is the total of the maturities in Canada and New York, make $356,298,457.52. As a matter of fact, at the moment we have not legislative authority to refund anything like that sum. Then, in addition to that there are maturities of Canadian National Railways obligations.

Mr. EULER: I should like to draw attention to what some of us have advocated in the past, repeatedly, namely, that the government should undertake the refunding of unmatured obligations at a lower rate of interest. I would be very glad if one might infer that with the amount over and above the actual maturities of about $400,000,000 the government intends at least to attempt to refund obligations they are not compelled to refund, with a view to getting interest rates down. I wonder if the minister would tell us whether or not in the resolution there is anything more than he has already indicated. Is it merely asking the same authority which was given last year, under which they did not exercise the powers given—powers which I would like to see exercised, no matter which party may be in power.

Mr. RHODES: The government is eagerly availing itself of every opportunity to exercise the callable provisions in bond issues which, at the moment, it is in a position to do. The hon. member will realize that wherever possible we have always sought to refund, and have been very successful in that respect. I have not the figures before me at the moment, but upon second reading I shall present figures which will indicate that we have made very substantial savings in interest, and I believe we have not lost any available opportunity to refund so as to take advantage of the market situation, and we have always refunded at a lower rate of interest.

Mr. MACKENZIE (Vancouver): Have any tax free bonds matured during the present year?

Mr. RHODES: Speaking offhand I think, not.

Mr. MACKENZIE (Vancouver): On second reading would the minister give details as to dates of maturity?

Mr. BENNETT: I believe it is 1937.

Mr. SPENCER: Is it the intention of the minister to take full advantage of the clause in the Bank of Canada Act permitting us to borrow. It is well known, of course, that the only money which goes to the shareholders is the 4½ per cent, and that the profits beyond that will come back into the treasury. Therefore, to the extent borrowing is done through that system it will be done in the cheapest possible way.

Then, I should like to ask the minister this question: Does he intend to do any borrowing outside of Canada? Personally I am opposed to the dominion government borrowing, at all. However if it is going to borrow I hope it will do so within and not outside of Canada.

Mr. RHODES: I regret I was unable to hear the first portion of the question, but I shall consult Hansard and answer upon second reading. With respect to the second portion of the question, which I did hear, I must advise the hon. member that in every instance, where possible it has been the policy of the government to issue only in Canada and to have our maturities payable in Canadian funds. The hon. member will realize that if we have maturing obligations in London or in New York we may not at that time be the arbiter as to the character of the new issue. The fact of the matter is that if they are payable in New York they are payable in New York funds, and if they are payable in London they are payable in London funds. However in all instances wherever possible it is the policy of the government to refund in Canada and in Canadian funds.

Mr. BENNETT: In addition to what the Minister of Finance has said with respect to callable bonds, the hon. member for North Waterloo must also know that the price at which bonds have been sold permits such a low yield that it would not be possible to purchase them in the open market and retire them at a lower rate of interest. That condition we experienced two years ago, when the price of bonds became very high and the yield rate became very low, making it impossible to purchase outstanding issues, because they were then being sold on the basis of the current value of money.

Mr. EULER: I believe the resolution provides for an amount of about $400,000,000 in excess of the amounts maturing. I take it from what the Minister of Finance and the Prime Minister have said that they will deal only with those bonds that are callable. Perhaps the Prime Minister is quite right when he states that at the moment returns are so small one cannot buy outstanding bonds and refund them. What I was going to ask was this: Is there an amount as large as $400,000,000 that is callable? I would judge there is not that much outstanding that is at all callable, because I understand the greater part of our obligations are not callable.

Mr. RHODES: I shall be glad to give complete details upon second reading.

Mr. SPENCER: In what are these moneys going to be paid? Are they going to be paid in gold, or in anything the dominion government may decide to pay them?

Mr. RHODES: Maturing issues?

Mr. SPENCER: Yes.

Mr. RHODES: They will be paid in the terms of the document.

Mr. POULIOT: Will the $750,000,000 include the redemption of tax-free bonds?

Mr. RHODES: The hon. member for Témiscouata will appreciate that we seek only the ordinary and customary legislative authority to enable the government from time to time to fund and refund.

Mr. EULER: I have in my hand a bill of the Bank of Canada issued since we went off the gold standard. It contains these words, "The Bank of Canada will pay to the bearer on demand." What would happen if I were to demand payment for this one dollar bill? What would I receive for it?

Mr. RHODES: The hon. member would receive that which is legal tender, according to the terms of the statute.

[Mr. Rhodes.]

Mr. POULIOT: I regret that the Minister of Finance (Mr. Rhodes) has not decided to redeem the tax-free bonds outstanding, even though they mature in 1937. It is most absurd that the government should lose this large amount of income. The suggestion has come from this side of the house in order that the revenue should be increased. The government should follow this suggestion as it would be appreciated throughout the country. I ask the Prime Minister (Mr. Bennett) who were holding these bonds but I received no answer. When the by-election was being held two years ago in Restigouche-Madawaska I told the electors the particulars of the questions I had asked to which I had received no satisfactory answers. The limit of taxation has been reached and as the Prime Minister said, not this year, not the year before but two years ago, it is time that those who have the money should pay. At the present time those who have no money have to pay it all. This country is becoming alarmed because of the advantages given to the privileged few who are exempted from taxation while the common man, the man on the street has to pay for everything. Even members of parliament who have no means at all have had a cut of ten per cent in their indemnity until this year, when it was reduced to five per cent. We must pay this while our responsibilities are so great. The government should be strongly censured in this connection.

Mr. RHODES: Whether it was wise to issue these bonds tax-exempt is a matter beside the question but the fact is that they were issued tax-exempt and we must honour our obligations in that respect until they mature. This government has issued no tax-free bonds nor have any been issued for many years. If my hon. friend would apply his very astute mind to the problem of finance I can assure him that he will discover that if we were to go into the open market to buy these bonds at the price at which they are now selling we would lose money. That procedure would cost us much more than to redeem them at par value when they mature in 1937. It is a question of dollars and cents and if the government could save money by entering a transaction of that kind it would gladly do so.

Mr. POULIOT: That is a very nice answer but it is ambiguous. One must consider the time when these bonds were issued. They were issued during the war to give an opportunity to the profiteers and the sharks to take advantage of the treasury of this country by not having their profits taxed. It must be remembered that it was the Tory union government which issued these tax-free bonds

in order to give a chance to the profiteers to keep their profits without carrying a part of the burden of taxation. This is what was done with loan after loan. The government was not imposing much taxation, it was borrowing money and the next Liberal administration had to look after the payment of the debt of Canada which was out of all proportion.

We hear a lot about the sanctity of contracts but what about the sanctity of the British North America Act which has been destroyed by this government. This government has had no regard at all for the constitution of this country but when it comes to protecting profiteers they invoke the sanctity of contracts. It would seem as though the Minister of Finance was a high priest. This government reminds me of Lytton Strachey who spoke about a crank who thought he was Adam, Melchisedec and the Lord himself. That is what the Prime Minister thinks, that he is Adam, Melchisedec and the Lord himself but it does not impress me at all. I can speak just as loudly as he can. Very often the Prime Minister speaks in a loud tone to prevent people from seeing that his knees are trembling. I can speak just as loudly as he can; I do not suffer from a heart attack and he does not either; I can speak even louder than he can. I want to be heard by all hon. members, I want to be heard by the Prime Minister even though he feigns sleep at the moment. Let me wake him up when I tell the people of this country that he cannot protect the profiteers by being unwilling to redeem these tax-free bonds.

Mr. SPENCER: Are all the tax-free bonds falling due in 1937?

Mr. RHODES: Yes.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 110, to authorize the raising by way of loans of certain sums of money for the public service.

Motion agreed to and bill read the first time.

TRADE AND INDUSTRY COMMISSION

ADMINISTRATIVE, ADVISORY AND INVESTIGATORY FUNCTIONS—PROVISION FOR A DIRECTOR OF PUBLIC PROSECUTIONS

The house resumed from Tuesday, June 11, consideration of the motion of Hon. Mr. Hanson (York-Sunbury) for the second reading of Bill No. 86, to establish a dominion trade and industry commission.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. ELLIOTT: Can the minister give us the figures in connection with the fines levied under the various acts referred to in subsection (h) and particularly under the Weights and Measures Act?

Mr. HANSON (York-Sunbury): I have not those figures here but I can supply them to the hon. gentleman. I gave certain figures when the weights and measures bill was under consideration with respect to fines collected but I shall be glad to furnish the hon. gentleman with full information. He could get it himself from the public accounts but I do not want to put him to that trouble.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

On section 9—Officials of tariff board to be officials of the commission.

Mr. HANSON (York-Sunbury): I wish to add a subsection for the protection of those members of the staff, under the Combines Investigation Act, who are now being transferred to the tariff board. The amendment has reference to the question of superannuation, and I think it is only fair that these employees should be protected in the manner proposed. I would therefore ask my colleague to move:

That section 9 of Bill No. 86, an act to establish a dominion trade and industry commission, be amended by adding the following subsection as subsection (3):

(3) A civil servant who prior to or at the time of his appointment under the Tariff Board Act was or is a contributor under the provisions of the Civil Service Superannuation Act shall be eligible, notwithstanding the provisions of the Civil Service Superannuation Act, to continue to be a contributor under the said act; his service under the Tariff Board Act shall be counted as service in the civil service for the purposes of the Civil Service Superannuation Act and he, his widow and children, or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said act; and in the event of his being retired from his office or position under the Tariff Board Act for any reason other than that of misconduct, he shall be eligible to receive the same benefits under the Civil Service Superannuation Act as if his office or position had been abolished.

The employees of the tariff board are not under the Superannuation Act but certain bodies of civil servants being about to be transferred to the tariff board are under that

act and their rights should be protected. If this section is not adopted they will not be permitted to continue contributing to the superannuation fund.

Mr. ILSLEY: It does not make any difference to the present employees of the tariff board?

Mr. HANSON (York-Sunbury): No; the present employees of the tariff board are not under the Superannuation Act. A group of employees under the Combines Investigation Act—the registrar and his staff, for whom we vote a sum every year—are about to be transferred by this bill to the tariff board. They are now under the Superannuation Act, and I am advised that unless an amendment of this kind is inserted, while they will be still under the Superannuation Act after their incorporation into the tariff board, they will not be permitted to contribute further to the fund and therefore will not be entitled to the increased superannuation which they would receive if they continued their contributions from now on. They would be in a static condition. It is only fair, I think, that they should be allowed to continue contributing. This is for their benefit and nothing else.

Sir EUGENE FISET: Will these clerks be transferred with the same classification and the same salary which they enjoyed in the past?

Mr. HANSON (York-Sunbury): I cannot answer that question; I do not know enough about classifications in the civil service. They are going into the tariff board and I assume that the chairman of the board will deal with that; and the civil service commission will no doubt have something to say. These employees are under the civil service commission.

Sir EUGENE FISET: That is why I asked the question—whether they were going to be transferred with the same classification.

Mr. HANSON (York-Sunbury): I would say so, but I am not in a position to answer with certainty.

Sir EUGENE FISET: The minister realizes, of course, the awkward situation that will arise. They are being transferred from a permanent department to a department that does not come under the civil service commission, and provision is being made simply for their pension. They are going to contribute five per cent towards their pension, notwithstanding the salary they may be receiving later on. But how will they be classified? Will they continue to be under the civil service commission for purposes of classification or promotion? It is rather a queer situation which the minister is creating.

Mr. HANSON (York-Sunbury): My understanding is that they are now under the Civil Service Act and I assume they will continue to be, but the hon. gentleman is asking me to give an opinion on a matter of law, and I cannot do so without consultation. I assume, however, they will continue to be in the same classification they now hold, unless the commission orders otherwise.

Sir EUGENE FISET: That is all I was asking. Their future classification will depend entirely on the commission.

Mr. ELLIOTT: Do I understand that all those who are now employed in the Combines investigation activities will be taken over?

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

Mr. ILSLEY: Does the minister propose any amendment to this act which will enable the present registrar under the Combines Investigation Act to continue to make investigation himself?

Mr. HANSON (York-Sunbury): I have given some consideration to the question but I am not announcing any amendment at the moment. The commission under this act will make preliminary investigations. It may be that it will be necessary at some future time to have some arrangements made for the conduct of preliminary investigations, but we have not set up any tribunal at the moment apart from the commission itself.

Mr. ILSLEY: I think that is a distinct step backward. I know that the act contains a provision by which any one of the commissioners may make an investigation, but none of them has the experience of the present registrar of combines. I suggest that the commission should be enlarged so that the present registrar of combines should have the status of a commissioner.

Mr. HANSON (York-Sunbury): The present registrar, who will go into the staff of the tariff board, may be used for that purpose if the commission so decides. There is no reason why that should not be done. The question of enlarging the personnel of the commission is one to which the commission itself will give consideration if, as and when they meet with difficulty, not being able to

devote to matters the time considered necessary. At the moment, I understand, it is the view of the chairman of the commission that he will be able to do this work in addition to the work he now performs, notwithstanding the opinion expressed in other quarters.

Mr. YOUNG: What advantage is it to transfer the activities of the combines investigator and his staff to the tariff board, if they are going to be transferred also and do the same work?

Mr. HANSON (York-Sunbury): That opens up a very large question. The royal commission advocated that the work of administering this act should be transferred to a commission and they also advocated the setting up of what is considered to be a very expensive commission. The whole matter was considered most carefully, and it was decided that the tariff board as presently constituted or as it might be constituted hereafter was admirably fitted for the work of this commission including investigations under the Combines Investigation Act. I would suppose that it would perhaps be better fitted for the work of administering that act than would the registrar himself who, while he has had a very wide experience under the act since he went into that department, is not a lawyer. But I would point out that there will be the advantage of having all the experience and ability of the registrar, an officer under this board. This was an effort to meet the principle of the recommendation of the royal commission without going to the expense of setting up a new commission.

Mr. ELLIOTT: It strikes me that the suggestions made by the hon. member for Hants-Kings as well as by the hon. member for Weyburn deserve a good deal of consideration when we are making the changes that are now being made. The tariff board was established under an arrangement by which a tariff board was to be established to perform certain duties. At times that board with the duties it now has, will be very busy. At times in the past the party who is investigating, the registrar, or in some cases where he did not make the investigation, some other investigator, has had to spend days and, I might say, months on one investigation. The act is so important and the investigations are of such an important character that to say that the tariff board should conduct those investigations is going to create difficulty in the case of long investigations.

Mr. HANSON (York-Sunbury): I do not know that I can add anything to what I have already said. That is a matter of point of view. Perhaps it might be necessary to do something another year in regard to it if the difficulties that are suggested arise. At the moment it is not thought there will be any difficulties.

Section agreed to.

Sections 10 to 12 inclusive agreed to.

On section 13—Duties of commission.

Mr. MACKENZIE KING: I think this section is a mistake. It proposes to transfer to a commission, which is to be the tariff commission as has just been said, the administration of the Combines Investigation Act. The minister a moment or two ago stated that the government was seeking to carry out the recommendations of the royal commission on price spreads.

Mr. HANSON (York-Sunbury): Of course that is not quite what I said; there was a limitation on that. If the right hon. gentleman will permit me, what I said was that the bill sought to carry out the report of the royal commission without setting up a new commission. I think that is a fair statement.

Mr. MACKENZIE KING: That only strengthens what I was about to say. The essence of the report as I read it, is that the Combines Investigation Act is the important act, and what the commission recommends is that its provisions should be strengthened as much as possible. Had the government extended the provisions of the Combines Investigation Act so as to put its administration under a commission specially qualified and appointed for that purpose, it would then have been carrying out the intent and purpose of the royal commission in the matter. But what the government is doing now, instead of appointing a commission that will be primarily charged with the important function of administering the Combines Investigation Act, as was the price spreads commission's intention, is to place that act under a body already in existence for the purpose of dealing with the tariff, thereby subordinating the Combines Investigation Act and the carrying out of its provisions in a very material way. In other words, the tariff board has already pretty much all the business it can attend to if it is going to attend to it properly. It will be found, I think, if the tariff board is asked what length of time it will take to complete the work it has already on hand, the reply will be that there is enough on hand at present to keep the board busy for another year. To add to the functions of the board the business of carrying out the provi-

sions of the Combines Investigation Act is simply to sidetrack the Combines Investigation Act altogether. The Combines Investigation Act is the important measure, and while there may be the strongest reasons for extending its provisions in a way that would serve to bring into being a special commission in the nature of a trade and industry commission to carry out the provisions of the act more effectively, this particular method of dealing with the matter is, as I have said, simply negativing in large part the benefits that already exist under the act.

Members of the tariff board are, I think admirably qualified for some of the work they are doing at the present time; at least the chairman is; I am not speaking of the other members. But I question very much whether even the chairman has the sympathy with the Combines Investigation Act that will incline him to give most of his time and attention to its provisions, rather than to deal with matters affecting the tariff as he has been accustomed to doing since his appointment to that office. The administration of the Combines Investigation Act is of such importance that whoever has charge of the administration of that measure should be particularly concerned with protecting the public interest in the manner in which the act makes evident it was the intention that the public interest should be protected; in other words, that the interests of the community at large should in every particular override where they come into conflict with those of any special interests. I may be wrongly informed, but if I am not mistaken the chairman of the board himself has been acting for some of those interests in the past, not that I believe this would make the slightest difference to his attitude in administration, but it does suggest that in the government's mind there has not been the effort to secure for the administration of the Combines Investigation Act the type of person who the public generally would feel was the one who should be specially charged with the administering of that measure. What I want to stress is that the tariff board with what it is already doing has just about all it can do if it is going to do that properly. Under this bill it is not merely the administration of the Combines Investigation Act that is being added to the duties of the tariff board; it is going to have to do with the administration of such other matters as price and production agreements, commodity standards, prosecution of unfair trade practices, fair trade conferences, cooperation with boards of trade, investigation into general economic and social conditions, and the supervision of security issues. When all of these obligations are added to the board's present obligation, I think the Combines Investigation Act will pretty well fade out of the picture.

But may I point out to the minister that the tariff board has already had the power to hold inquiries similar to those which are being held under the Combines Investigation Act, but in all the years the tariff board has been in existence, nothing of that character has been referred to it or attempted by it. Subsection 4 of section 4 of chapter 55 of the statutes of 1931, establishing the tariff board, reads as follows:

> The governor in council may empower the board to make any investigation or hold any inquiry authorized by the provisions of the Combines Investigation Act, or of a relative nature, and for these purposes the board shall have all the powers, authority and jurisdiction vested in the registrar or in a commissioner appointed under that act to hold investigations.

The tariff board has already all these powers and there is no need to confer these powers upon it for the administration of the Combines Investigation Act because the board already has those powers, although it has never exercised any of them. If the government had reason to feel that the Combines Investigation Act was not being administered as effectively as it should be by those in charge of it, it might have taken advantage of this provision, but it never did do so. It can do so in future, under existing legislation, if it so desires. While I sympathize with the government's desire in not wanting to have an undue number of commissioners, it seems to me that they have appointed new commissions where there was no need of any, and here where there would be justification for enlarging the provisions of the Combines Act to place its administration under a commission specially for that purpose, in view of the obligations cast upon it, they are taking the opposite step. I think the government is making a great mistake.

Mr. HANSON (York-Sunbury): Mr. Chairman, I have listened to all the observations of the right hon. gentleman and I have no fault to find with the manner in which he has voiced his criticism, but it was for the very reason that the tariff board already had jurisdiction that parliament thought the board would be the proper body to take over these duties rather than setting up a new commission. It is a matter of opinion whether the tariff board as presently constituted or as it may be constituted in the future is the proper body to do this work, but parliament

has already put its approval on that, and from my knowledge of the chairman of the board extending over a period of thirty-five years, ever since he was at the same university with me, I think he is admirably qualified to do the work of investigation and carry out to the fullest degree the administration of the Combines Investigation Act.

Mr. EULER: If he has time.

Mr. HANSON (York-Sunbury): My hon. friend says he has no time.

Mr. EULER: If he has time, I said.

Mr. HANSON (York-Sunbury): I beg pardon. There is much virtue in an "if." The chairman of the board thinks that with the necessary assistance that will be given to him by the transfer of the staff, that work can be done. I do not think the right hon. gentleman has any right to assume that the work of investigation under the Combines Investigation Act will be subordinated to the present work of the tariff board. I think we have the right to assume that a board with the character of that board will carry on conscientiously and do whatever work comes to their hands to the very best of their ability. For the moment I think we can very well allow this phase of the bill to go through, and then if it is found that they cannot do the work it will be very easy at another session to add one other member to the personnel of the board. It might be a legal man or one versed in combines investigation work, or the board might act in two divisions. That is what I have had in my mind since I have been delegated to take charge of this bill. I do not think anybody ought to question the ability of the tariff board to do the work. It is merely a question of operating, and if it is found that they have not the time to do it, it would be a simple matter to set up another commissioner and perhaps have the board work in two divisions, as has sometimes happened on the railway commission.

Let us try this for a year anyway. As the right hon. gentleman says, the tariff board has already been clothed with these powers of investigation of combines, although that question has never been referred to them because there was the machinery set up under the Combines Investigation Act; but if that were the intention of parliament at the time the tariff board was created this is quite in line with that intention. If we can save three or four hundred thousand a year which I anticipate would be spent if we set up a new and expensive commission I think we ought to do it. We may be accused of parsimony. I think it would cost a substantial sum of money to set up a new branch. There is the sum of $22,000 in the main estimates this year for the present staff of the registrar. In addition it will cost probably $100,000 for investigations under this statute because you will have to hire auditors and certified accountants and others, and there will be travelling.

I think this is a reasonably good start, and I do not think there is any doubt as to the ability of the tariff board to carry on the work. With all due respect I do not think it is correct to say that this important work in connection with the Combines Investigation Act will be in any degree subordinated to other work of the tariff board.

Just one other observation. The chairman of the tariff board, although in days gone by a very active practitioner, has never shown that he has been influenced in the slightest degree by his former associations. That is one thing we are proud of in the judges we appoint, that they entirely dissociate themselves from the associations of their private practice the minute they go on the bench. I do not think my hon. friend meant just what he said in that connection.

Mr. MACKENZIE KING: I agree with what my hon. friend says in that regard.

Mr. YOUNG: I cannot see how you expect to save three or four hundred thousand dollars a year by this arrangement. The great bulk of the expense in connection with the establishment of the trades and industries commission will not be the salaries of the commissioners themselves but of the enormous staff that will be necessary, and that staff will be the same whether they operate under the tariff board or under the Combines Investigation Act or under any other commission.

Mr. HANSON (York-Sunbury): One man's guess is about as good as another's about the expense. None of us knows what the expense will be. We can only take the best advice we can get from the best quarters available. My idea is that the present set-up will be very much less expensive than the setting up of an independent body as proposed by the royal commission. I have been here a long time and I have noticed that when you set up an independent body it immediately begins to extend and aggrandize itself and to grow and grow, and there is no limit at all unless someone has strength enough to say: This sort of thing shall not go on any longer. That is bureaucracy in government, and we have had many illustrations of it in Canada. I cannot say any more than that.

Mr. BENNETT: I think no one complains of the terms of the criticism of the hon. gentleman opposite. It is only fair to say that this question gave the government a very great deal of concern. Take the railway commission, for instance. There is a commission that has at least three or four members with nothing to do; that is a fair way to put it. I am not disclosing anything I think I should not say when I say that I consulted the chairman of the tariff board whether he thought he could discharge these duties or not, and he believes he could. Parliament will meet again within a reasonable time from now, and if it is found that the work is too onerous for the board a second division could be created or an appointment could be made by adding a few sections. I desire to point out, however, that possibly the right hon. gentleman has not given sufficient consideration to that part of the bill dealing with combines and investigations. I did not desire to interrupt a moment ago and take part in the discussion with regard to the registrar, but it will be observed that the section which deals with investigations provides:

> The commission shall on application made under the last preceding section or on its own motion whenever it has reason to believe that a combine exists or is being formed, cause an inquiry to be made—

My understanding, of course, is that this would enable the use of the present registrar who is being transferred to this commission under the circumstances mentioned by the minister in charge of the bill. If these two acts are read together I think it will be found that without incurring any unnecessary expense in the first instance the recommendation that a commission should be charged with the responsibility of dealing with the problem with which the price spreads commission dealt, has been carried into effect. It is intended to utilize an existing body, not to subordinate the duties that will thus be cast upon it to their other duties, but to bring about coordination, co-extension and co-equality so far as jurisdiction and the power to act is concerned.

It may be observed that one of the differences is that at the present time the commission reports to the president of the council, on the assumption that you thereby get the closest communication between the government of the day and the commission itself. That, of course, is in the act which it was suggested the other evening should stand until this act was considered, but the two acts must be read together and as you read them together I think you will conclude that there is a very earnest effort on the part of the government to give effect to the proposals that have been made that there should be a body charged with the responsibility, and that this body should report directly to the president of the council. It does not follow, of course, that the president of the council is the Prime Minister, but it has been so in this country in a general way, with few exceptions. If when the bill is before the house it is thought desirable that the words "Prime Minister" should be substituted for "president of the council" it will be quite satisfactory.

This may enable me to take this opportunity to correct the impression that the words "Prime Minister" have no place in the statutes of Canada. The other evening my hon. friend the former Minister of Justice asked who drew that statute concerning the economic council, which makes reference to a Prime Minister. I am responsible for that. The hon. gentleman said that certainly the law officers of the crown would not make any such mistake. If he had taken the trouble to turn up the supply bills for the last few years he would have found that they contain reference to the Prime Minister's department, so we have that authority for the use of those words. Since the Prime Minister of Great Britain was given the status of third private citizen of the country, by act of the king, the words "Prime Minister" have come into use, and in the greatest of all our bills, namely, the supply bills, you will see those words used.

Mr. MACKENZIE (Vancouver): They are not used in the British North America Act.

Mr. LAPOINTE: If I made a mistake I had good company, in the leader of the Senate and another good friend of my right hon. friend in this house.

Mr. BENNETT: I am quite well aware that my hon. friend the Secretary of State was of that opinion. The matter was mentioned to me while I remained indoors and at that time I had not an opportunity to turn up the statute, but I directed my colleague's attention to the fact that the supply bill does provide for the Prime Minister's department, in place of the old designation, which was the office of the privy council. I am quite well aware of the provisions of the British North America Act, but I have indicated why that expression was used. It may be that the house will think it better to provide for the first minister in the Combines Investigation Act. I only desired to point out that this is merely an effort to give effect to that recommendation, without establishing a new commission, to see to what extent it may be

possible to utilize the services of those at present in the service, designating them for that purpose by the name indicated in the measure now before the committee. Then if in practice it is found necessary, in the interests of those concerned, the body may be expanded by the addition of new members or a new body may be created.

Mr. MACKENZIE KING: The Prime Minister has referred to the section which places this act under the president of the privy council. I had intended to refer to that point when we reached that section, but we slipped by the section so quickly that I had not a chance to do so. Personally I think that is a mistake. This session we have heard a good deal about the extent to which the Prime Minister is overtaxed in connection with the duties of his office and the many obligations which attach to it. During my right hon. friend's absence from the house because of ill health occasioned by overwork we had a long discussion here on the very question as to whether some arrangement might not be made with respect to the Prime Minister's office which would give him more in the way of assistance to carry out the duties of that office. Now this act proposes to place on his shoulders the responsibility for the tariff board which is to have additional obligations with respect to the administration of the Combines Investigation Act and other matters.

I think that is a mistake. I am assuming that whoever holds the office of Prime Minister will also hold the office of president of the privy council, and I do not think it is possible for the Prime Minister, in his capacity as president of the privy council, to give the attention that should be given to the administration of acts of this character. They ought to be under separate ministers of the crown. To-day the Minister of Finance has the responsibility with regard to the tariff board and the Minister of Labour has the responsibility with respect to the Combines Investigation Act. In questioning the Minister of Labour in regard to the Combines Investigation Act we discovered that he was not as familiar with what was being done under that measure as this house had reason to hope and expect he would be. I cannot see how the Prime Minister is going to find it possible to devote to this additional work the time and thought which should be given to it. There again I think that the government by this measure is subordinating the importance of the Combines Investigation Act and the significance that should be attached to its work.

I can sympathize with the view of the government in not wanting to appoint more commissions than are absolutely necessary. I do not know whether or not the government considered giving the officers now charged with the administration of the Combines Investigation Act additional help in the way of some legal assistance. I think if the act had been amended to make provision for a director of prosecutions and possibly a director of publicity, two such officers functioning under the new provisions of the act would have been infinitely more effective in carrying out its intent and its provisions than any staff, no matter how large it may be, which may have to do with the act as transferred for purposes of administration to the tariff board. I feel that here there is a move in the wrong direction. I am glad to gather from what the Prime Minister says that there will be an opportunity to test out the arrangement during the ensuing year, that he sees the need for further consideration of and no finality in the present step. I hope in that interval, while this transfer is taking place, the matter will not be left in such shape that the whole effect of the Combines Investigation Act will be nullified for the time being, or in any degree for all time. That is one feature to which I shall wish to direct attention a little later on, but I think it should be kept in mind at this time.

Mr. ELLIOTT: I think at the present time, when the change is to be made, it is a great mistake not to take something in the way of a definite step towards increasing, if possible, the efficiency of the administration of the Combines Investigation Act instead of decreasing it.

Mr. HANSON (York-Sunbury): Why do you say this bill does that?

Mr. ELLIOTT: If my hon. friend will permit me, it is on that point that I am going to endeavour to convince him. It was my privilege, as Minister of Labour for a time, to have charge of the Combines Investigation Act. At the time the fines were levied on the fruit men I happened to be Minister of Labour, and I happen to know something of the great amount of work that was entailed in that prosecution. The prosecution was instituted before I came to that office. I do not see how this provision could do other than weaken the efficiency of the Combines Investigation Act.

Mr. HANSON (York-Sunbury): That is an assertion, not proof.

Mr. ELLIOTT: Well, the minister is merely making an assertion, and one of which he cannot give proof. The Combines Investigation Act, under this bill, would be

handled by the tariff board. I can agree with the minister's observations concerning the efficiency of the chairman of that board, but because a man is efficient as chairman of a tariff board is not sufficient reason for loading him with the administration of several other acts, including one as important as the Combines Investigation Act.

One of the most important recommendations of the price spreads commisison has reference to this very act. Looking through the activities of recent years I am bound to say that it would appear as though the Combines Investigation Act has not been as actively enforced as it was some years ago. In this connection I shall refer hon. members to some observations of the hon. member for Dufferin-Simcoe (Mr. Rowe). Speaking a short time ago, his observations are reported at page 3300 of Hansard as follows:

> They might mention the Combines Investigation Act, which was a justifiable and sound piece of legislation, but my hon. friends, in all their nine years in power, never made use of it. They pigenholed it and it has been there, dusty, ever since.

I point that out merely to indicate—

Mr. HANSON (York-Sunbury): Perhaps the hon. member—

Mr. ELLIOTT: Would the minister kindly control himself, for a moment. I have pointed out these observations as an indication of the extravagant statements not founded on fact made by hon. gentlemen opposite.

Mr. HANSON (York-Sunbury): You never make them, of course.

Mr. ELLIOTT: I shall now draw the minister's attention to the manner in which prosecutions have been carried on, so that he may realize something which I believe he does not now know. If hon. members will turn to page 3229 of Hansard they will find reported figures indicating amounts received from fines under the Combines Investigation Act, as stated by the Minister of Labour. The total fines imposed and collected between July 1, 1924, and July 1, 1930, amounted to $226,500, making an average for those six years of $37,750. An additional $44,900 in fines was collected after July 1, 1930, as a result of investigations commenced prior to that date. The total fines collected as a result of investigations begun between July, 1924, and July 1, 1930, amount to $271,400 or an average for the six years of $45,233 per year. That is, investigations begun in those six years brought in fines aggregating $271,400.

Mr. BENNETT: Practically all from the one source, namely, the fruit companies. Take that out and you will have very little left.

Mr. ELLIOTT: Take that away and you have left nearly double the amount of all the fines collected as a result of prosecutions since the present government took office.

Fines collected as a result of prosecutions begun since the present government took office total only $45,000. This is less for those five years than the average for one year resulting from prosecutions commenced between July 1, 1924, and July 1, 1930.

Mr. HANSON (York-Sunbury): Does the hon. member suggest that the amount of fines collected is a criterion of the work done under the act?

Mr. ELLIOTT: That is not necessarily the sole test, but it is one of them.

Mr. HANSON (York-Sunbury): I would not think so.

Mr. ELLIOTT: I believe it is perhaps the best test.

Mr. HANSON (York-Sunbury): Oh, no.

Mr. ELLIOTT: Another complaint under the present administration arises from the lack of publicity. After all, I believe exposure to the light of day of what has been taking place is just about as effective as a fine. The people of Canada, and particularly hon. members in this chamber have complained about prosecutions being instituted and the findings not being made public.

Mr. HANSON (York-Sunbury): Does the hon. member suggest that the law has not been carried out in accordance with the manner indicated on the statute books?

Mr. ELLIOTT: I will answer the minister. Let us, for example, consider the investigation into the tobacco combine. The law was not changed between the time the minister in charge refused to table the report and the time it was actually tabled. For months members of the opposition endeavoured to have the findings of the investigator tabled, and later on they were tabled. The reason given for the delay was that the investigator was not really a commissioner. I believe that point should be cleared up while the bill is under consideration, because after all the investigation of combines is a very important matter. I believe we should have before us the findings and information as to the fines imposed, together with any publicity that may be given, because there is a feeling

abroad to-day that in recent years there has not been as active prosecution under the Combines Investigation Act as there was formerly. The result of the prosecutions would indicate that that is so. I have been induced to obtain these figures, partly as a result of the statement I have already read made by the hon. member for Dufferin-Simcoe. I believe that quotation is sufficient to indicate how unreliable and extravagant are the statements made by hon. gentlemen opposite. By burying prosecutions under this act along with prosecutions under other acts, and the work of the tariff board, we will not improve the administration of the Combines Investigation Act. On the contrary I am satisfied its efficiency would be greatly curtailed.

Mr. BENNETT: I believe the hon. member will observe that the price spreads commission did recommend that the act be under the control of the president of the council. So far as I can ascertain, the only reason for that being done was to make sure that there would be a medium of communication between the commission and the government. It was never intended that the president of the council as Prime Minister or otherwise should be responsible for action, but merely that he should see that in accordance with procedure in the council a matter might be referred by him to the Minister of Trade and Commerce, the Minister of Justice or that minister responsible for the matter. That is the ordinary practice which governs in matters of this kind. I take it that the president of the privy council was suggested for that reason, not that he would do it but that he would merely make a reference to the appropriate head of a department to deal with the matter. It might be a matter affecting trade and commerce or something else, or he might make a notation "refer to the Minister of Justice." I take it that the reason the president of the privy council was suggested as the member of the cabinet to whom the commission should communicate was in order that there might be a clear and certain line of communication between the commission and the government.

Mr. HANSON (York-Sunbury): I should like to refer to one matter to which the hon. member for West Middlesex (Mr. Elliott) has referred, the question of publicity. Under section 28 of the Combines Investigation Act there was some question as to publicity when a preliminary investigation had been made by a commissioner or the registrar. I should like to point out to the hon. member that the situation to which he referred in connection with the tobacco investigation has been cured by the repeal of that section by Bill No. 79 and the enactment of section 28 of this bill, which provides:

(1) The commission shall within fifteen days after making any report, recommendation or finding under this act make the same public in such manner as seems desirable unless the commission is unanimously of the opinion that the public interest would not be served by publication or that the public interest would be better served by withholding publication.

(2) Wherever possible the commission shall with the report, recommendation or finding make public the reasons and the facts upon which the decision is based.

It will be observed that this bill which provides for the setting up of this new commission provides also for the publication of certain reports unless the commission is unanimous that it would not be in the public interest to publish such reports. I think any such case would be a very strong case.

The hon. gentleman indicated that he thought this government was suppressing the operations of the act but I would direct his attention to the fact that every case handled under the act has gone through the usual operations after 1930 as well as before. I am not charged with the operation of the act. I have no doubt that if the Minister of Labour (Mr. Gordon) were in his seat he would be able to set the hon. gentleman right. Perhaps the most celebrated case under the Combines Investigation Act was not the one to which the hon. gentleman fell heir as stepfather; it was the coal case which was started by this government and carried through by the administrative officers of the province of Quebec, and then carried on to the privy council with the results known to everyone.

Mr. ELLIOTT: My hon. friend points out that I became the stepfather to some case but he is not even a stepfather. I know of no investigation which has been conducted since he assumed his duties.

Mr. HANSON (York-Sunbury): I do not expect there will be because if I can help it I shall never be Minister of Labour.

Mr. MACKENZIE KING: I should like to ask the minister a question in connection with the registrar and his staff. A moment ago the minister moved an amendment to safeguard the registrar and his staff as far as the provisions of the superannuation fund are concerned but I should like to know if anything else is being done to safeguard their positions in the public service of Canada. At the present time they are members of the civil service and subject to the Civil Service Act but they are

being placed under the operations of a temporary board which has a life of only ten years. Is any provision being made which will ensure these members of the civil service continuing as such?

Mr. HANSON (York-Sunbury): The statement of the right hon. gentleman that this board is a temporary board is not quite correct. If he will allow me to correct him, the fact is that the board is not a temporary board although the incumbents have been appointed for a period of years. I am not unmindful of certain observations which were made at the time this board was set up as to what would happen under certain contingencies but this board is like any other board set up by parliament. I have no other idea than that the registrar and his staff are going to be properly taken care of. As far as I know he and his staff will function just as they have in the past under the direction of this commission. Instead of being queried about this matter I think we should be commended for what we are trying to do.

Mr. LAPOINTE: Well, well.

Mr. HANSON (York-Sunbury): Well, well. We are safeguarding them and the price spreads commission did not suggest that we should do that. We are putting them under the superannuation act so that their positions will be looked after. I assure my right hon. friend that nothing sinister is intended, on the contrary we want to preserve their positions in the service. I am giving that as a bona fide statement.

Mr. MACKENZIE KING: I was not assuming that my hon. friend would act in any other way. I simply wanted to direct attention to the fact that certain members of the public service would naturally wish to have their positions in the service definitely secured and have this right.

Mr. HANSON (York-Sunbury): As far as I know, I think they are.

Mr. MOTHERWELL: Section 13 provides for the placing of just one act under the administration of this commission but I should like to know what is to be done in connection with the other acts referred to in subsection (h) of section 2. What will be the procedure in order to prosecute under those acts? For instance, an offence might be committed under the Seeds Act; what will be the procedure to have that offence handled by this commission?

Mr. HANSON (York-Sunbury): I am afraid the hon. gentleman has not read the bill.

[Mr. Mackenzie King.]

Mr. MOTHERWELL: The minister is here to give information.

Mr. HANSON (York-Sunbury): If the hon. member had read the bill he would not have asked that question. Section 13 deals with only one situation, the administration of the Combines Investigation Act. If the hon. member will look at the other provisions of the bill and read them in conjunction with subsection (h) he will see that in certain contingencies in connection with unfair trade practices these acts are dealt with by section 20. This section reads:

The commission shall receive complaints respecting unfair trade practices—

That is, the unfair trade practices referred to in the acts mentioned in subsection (h) as well as in this bill—

—and may investigate the same and, either before or after an investigation, if of opinion that the alleged practice constitutes an offence against a law prohibiting unfair trade practices, shall communicate the same to the Attorney General of Canada and to the director of public prosecutions or to the attorney general of the province within which the offence is alleged to have been committed.

Of course the acts referred to in subsection (h) are not transferred to the jurisdiction of the board except in the sense that they contain provisions with respect to unfair trade practices or in the sense that regulations have been or may be made in connection with any of these acts. This commission is to investigate unfair trade practices.

Mr. MOTHERWELL: Will the officers of any of these departments that have charge of these bills not initiate action?

Mr. HANSON (York-Sunbury): Surely.

Mr. MOTHERWELL: Then you will be a long while getting action taken if you have to go through that rigmarole. I know there is a lot of routine to be carried out now.

Mr. HANSON (York-Sunbury): The hon. gentleman misunderstood me.

Mr. MOTHERWELL: No, I understand all right.

Mr. HANSON (York-Sunbury): These statutes should be enforced, as they are to-day, by the officials of the appropriate departments. But if complaint is made that under any one of these sections unfair trade practices have been engaged in by anyone in violation of any of these statutes mentioned, then another course may be followed; but it does not derogate from the powers of the departmental officials to enforce the statutes now. I am not saying that I have personal knowledge of any failure, but it might be

argued that there has been failure on the part of departmental officials to enforce all the regulations against unfair practices for which provision is now made, and this is an additional power and authority for investigation, and then direction to the public prosecutor, to the Attorney General of Canada or to the attorneys general of the various provinces.

Mr. NEILL: I had intended to reserve my remarks for section 20, but as the matter has been brought up I may say a few words here. Will the minister point out where in the bill there is a definition of unfair trade practices; and if it is not in the bill how is he going to define it? It is no use giving his individual opinion, because when the question comes before the courts they will have to deal with a specific act or a specific regulation, and the word "unfair" is so very vague. I have a business difference with someone; we both want to be fair but each thinks the other fellow unfair, and according to our own lights we are both right. It may be said that the courts will deal with it. But the business of the court is merely to determine whether a definite and specified offence has been committed. It is not the jurisdiction of the court to define the offence, apart from the confines of the act itself. This is an important question; it is given a headline by itself—unfair trade practices. If you say that each court will deal with the matter then we shall have a different version from each court. If the minister will turn to section 2, paragraph (h) he will find that there are enumerated twenty-five different acts and some thirty sections of the criminal code, which are defined as laws prohibiting unfair trade practices. But surely it is not suggested that any infraction of any one of these laws in any degree constitutes an unfair trade practice. For example, we find the Electricity Inspection Act mentioned, the Maple Sugar Industry Act, the Patent Act, the Precious Metals Marking Act, the Water Meters Inspection Act, and so on. Can one readily conceive wherein the Water Meters Inspection Act prohibits an unfair trade practice? It may be that some of them do, the Live Stock Act, for instance; but the majority of them do not define in so many words what an unfair trade practice is, and if you have no definition anywhere in the act it becomes an important question as to how the matter is to be dealt with. Section 22, in this connection, institutes the office of director of public prosecutions, whose business it is to institute criminal prosecution for violation of any of the laws prohibiting unfair trade practices. If some section of these acts creates a trivial technical offence, in connection with the inspection of electricity, for instance, will it be dealt with as an unfair trade practice?

Mr. HANSON (York-Sunbury): The hon. gentleman cannot have read the concluding part of subsection (h) of section 2. I do not want to break in on his speech but I desire to correct him on that point. In subsection (h) of section 2 he will find, not a definition of unfair trade practices but reference to laws prohibiting unfair trade practices, meaning all those different statutes set out, including the criminal code and regulations under the act. Then these words follow:

> ... which provisions prohibit acts or omissions connected with industry as being fraudulent, misrepresentative or otherwise unfair or detrimental to the public interest.

It is only the commission of these prohibited things which may in certain circumstances be deemed to be unfair trade practices; but not all prohibited acts are unfair trade practices.

Mr. NEILL: "As being fraudulent, misrepresentative or otherwise unfair or detrimental to the public interest." It is difficult to find out where you will get a reasonable definition of unfair trade practice from a statute dealing with electricity, or even from the patent law. However, we have not yet got down to the point which I rose to make. What is the definition under this act, under section 20 and under section 2, subsection (h) of unfair trade practices?

Mr. HANSON (York-Sunbury): The price spreads commission wrestled with that, and I do not think that any lawyer could put in legal language a concrete definition of unfair trade practice. It might be held that certain practices were unfair trade practices, and that is what we have attempted to do. It is the same with the definition of negligence; no lawyer or judge so far as I can recall has ever yet been able to give a concrete definition of negligence, though there have been hundreds of them in the last hundred years. It is one of the most difficult things in legal draftsmanship which I know of, to define such matters as negligence or unfair trade practices. Any lawyer in this house who has read Beven on Negligence will find a dozen definitions set out by judges with respect to specific cases, but I do not think you can define unfair trade practice. I am advised that the departmental officials came to the conclusion that you could not define in legal phraseology what was exactly an

unfair trade practice, but you can do what has been done here; you can bring under the statute unfair trade practices set out in all the acts, and I think they did pretty well.

Mr. NEILL: Are unfair trade practices mentioned in these acts?

Mr. HANSON (York-Sunbury): That is getting back to the same thing. I do not think that unfair trade practices are specifically mentioned in the act, but these acts contain provisions prohibiting acts or omissions connected with industry as being fraudulent, misrepresentative or otherwise unfair or detrimental to the public interest. It can only be described generally; that is as far as the draftsman can go.

Mr. NEILL: I am willing to state that none of these acts define anything as "unfair." Are you going to leave it to the individual judge to decide what is unfair? You might as well leave it to him to decide what is improper or unkind or unfeeling. What kind of code of decisions will you have when it is left to the individual judge to say whether a thing is unfair or unkind or unjust? We should at least approximate to some definition. Are there not a long series of decisions defining what negligence is in relation to certain actions?

Mr. HANSON (York-Sunbury): There is one statute mentioned in subsection (h) of section 2, the Unfair Competition Act, which does define in a degree and in certain specific cases what is unfair competition. But this, I submit, is as far as we ought to go and as far as parliament can go.

Mr. NEILL: That act has to do with unfair competition; I am talking about unfair trade practices.

Mr. HANSON (York-Sunbury): We have not attempted to do it.

Mr. HEAPS: As far as I understand the act, it deals with the marketing of commodities under fair conditions. I know how difficult it is to define what fair conditions are; what might be fair in one province might be unfair in another. I understand that this act is specific and lays down certain instructions as to how the commission shall go about its work, but I see nothing in the bill which gives to the proposed commission any power to investigate the labour conditions under which the goods are produced. If that is not mentioned in the act I should take it that the commission would not have the power to make such an investigation; for after all it may be that under certain labour conditions the most unfair trade practices may be engaged in by various industries. I wonder if the minister could tell us whether under this measure the proposed commission would have power to investigate labour conditions which are brought to its attention?

Mr. HANSON (York-Sunbury): I should think this commission, generally speaking, would have power to investigate anything relating to production, which certainly would include labour. If that is not a satisfactory answer, then I suggest that the commission would have power, as commissioners under the Combines Investigation Act and under the Industrial Disputes Investigation Act, to investigate conditions of labour. I do not think the objection is well founded, if it be an objection.

Mr. HEAPS: While the minister feels the commission may have such power under the bill, does he not think it would be far better if there were inserted a clause which would definitely give to the commission the powers which he considers it may have under the measure?

Mr. HANSON (York-Sunbury): A general power is very much better than a specification of special powers.

Mr. HEAPS: I do not think the commission would go beyond the powers set forth in the bill, and if there were conditions relating to labour that the commission wanted to investigate and it found nothing in the bill to give it such power, it might claim that parliament did not give it power to make such an investigation.

Mr. HANSON (York-Sunbury): I think there is in the bill full power to investigate labour conditions.

Mr. HEAPS: Under what clause will the commission have power to investigate labour conditions?

Mr. HANSON (York-Sunbury): Section 13 would give it those powers. Then under section 14 there is "price and production agreements." If the hon. member wants more specific information, I would say that the commission has power under the Combines Investigation Act and under the Industrial Disputes Investigation Act to investigate anything relating to production, which includes labour.

Mr. HEAPS: Do I understand from the minister that this commission could become an arbitration board or a conciliation board under this bill?

Mr. HANSON (York-Sunbury): No; that is under another law.

Mr. HEAPS: But the minister mentioned that act just now.

Mr. HANSON (York-Sunbury): I did not say that the commission would be an arbitration board; what I said was that it would have power to investigate labour conditions. That is as far as I went.

Mr. HEAPS: In spite of the minister's statement, I think it would be far more satisfactory if something of a specific nature were inserted in this bill so as to give the commission those special powers which personally I do not see mentioned anywhere in the bill.

Mr. HANSON (York-Sunbury): I do not think I can add anything more to what I have said.

Mr. MOTHERWELL: I was wondering what would happen to this bill if section 13 were dropped out altogether. It selects one particular law out of about thirty or forty and says that this shall come under this commission. It says nothing about the other thirty-nine or whatever the number may be. Then when section 20 is reached, would that section not cover them all?

Mr. HANSON (York-Sunbury): Section 13 is quite different; it is inserted because of the specific recommendation of the royal commission itself; that is the reason why the Combines Investigation Act is specifically mentioned. The other statutes are mentioned in the definition of laws relating to unfair trade practices so as to be enabling, so as to enable investigation of unfair trade practices that may arise by the commission of offences or prohibited actions under all those various acts now on the statute books. The direct answer to the hon. member's question is that this was one specific recommendation of the price spreads commission; that is why it is specifically mentioned in the way in which it is.

Mr. MOTHERWELL: It is a concession to the commission, and really not necessary in the act.

Section agreed to.

On section 14—Agreements regulating price and production.

Mr. ILSLEY: This is a controversial clause. I just want to repeat what I said on the second reading. As a minority member of the price spreads commission I am opposed to this clause as are the other Liberal members of the commission. It authorizes the formation of agreements regulating price and production; that is to say, it authorizes the sanctioning of combines by the governor in council on the recommendation of this commission. Perhaps the major activity of the dominion trade and industry commission is the prevention of combines, the enforcement of the Combines Investigation Act, and this clause to a very considerable extent may effect the nullification of that act. Clause 14 is a sort of echo of the NRA; it makes this body into a code forming or code sanctioning authority and authorizes what has always been illegal in this country, that is the formation of combines in industries for the purpose of enhancing prices and limiting production, which inevitably is to the prejudice and detriment of the consumers. I went into this question fully in my remarks on the second reading of the bill, and it is not necessary for me to repeat what I said then.

I admit certain safeguards have been inserted in this clause. Apparently those who drafted it realized that they were doing something very drastic when they introduced this principle into legislation; it is not anywhere else on the statute books except in the Natural Products Marketing Act. They drafted it so that the commission must be unanimous, and they also by the last words of the last subclause indicated that under some circumstances prosecutions for violations of the Combines Investigation Act might be possible even though those who had entered into the price and production agreement were merely following out the agreement. The concluding words of the clause are entirely inconsistent with the purpose of the clause itself. But I am not objecting to those concluding words; I am objecting to the whole clause as entirely at variance with the principle of the Combines Investigation Act, and unwise, unnecessary and injurious. The Natural Products Marketing Act was passed to authorize producers of natural products to enter into such agreements. It went further and authorized manufacturers of products made from natural products to enter into such agreements. Therefore you have this absurd situation: two code sanctioning authorities set up within the last two years to authorize combines which are monopolies. The whole tenor and principle of the price spreads report, the whole doctrine that underlies it, is that one of the greatest evils in Canadian contemporary life is monopolies and monopolistic combines. The introduction of this provision in the statute implementing the recommendations of the

price spreads report, while it does follow the recommendation of the majority, is something which in my judgment should not be done. I could not say any more than that if I talked for a long time.

Mr. HANSON (York-Sunbury): I quite understand the hon. gentleman's point of view, and he has put it forward both on the second reading and again to-day in a very moderate way. But I disagree with him when he suggests that this is not a beneficial thing. I should like to point out to this committee and to this house and the country that this section of the bill is aimed at cut-throat competition. It is an attempt to give effect to agreements which will not be detrimental to the public interest, and then only after the fullest investigation and report.

Mr. HANBURY: Detrimental to what portion of the public?

Mr. HANSON (York-Sunbury): I am using the word generally—not detrimental to the public interest. The hon. member for Hants-Kings (Mr. Ilsley) says there is an inconsistency in the language of the section when you read the first one or two subsections with the last subsection. But I suggest there is no inconsistency, because if the agreements are such that they are not detrimental to the public interest, then they are not in violation either of the Combines Investigation Act or of the criminal code, and no offence has been committed. Subsection (1) reads:

> 14. (1) In any case where the commission, after full investigation under the Combines Investigation Act, is unanimously of opinion that wasteful or demoralizing competition exists in any specific industry, and that agreements between the person engaged in the industry to modify such competition by controlling and regulating prices or production would not result in injury to or undue restraint of trade or be detrimental to or against the interest of the public, the commission may so advise the governor in council and recommend that certain agreements be approved.

That is one thing—investigation and recommendation. Then subsection 2 provides for approval and review by the governor in council. It says:

> The governor in council may, if of opinion that the conclusions of the commission are well founded, approve of any such agreement, and shall make regulations requiring the commission to determine from time to time whether the agreement is resulting in injury to or undue restraint of trade or is detrimental to the public interest.

Then subsection 3 provides for information and rescission of approval, which of course is a safeguard; and subsection 4 provides that there must be the consent of the commission for prosecution. I should like to put this to the committee. We have had in this country for a number of years now cut-throat competition in newsprint production. Our production of newsprint, apart from the small percentage that goes into domestic consumption, about which I do not think there is very much trouble, is largely for export. It is one of the products which Canada produces in large quantity and exports, bringing new wealth into the country. We all know, if we know anything at all or are interested in and have been following the newsprint situation in recent years, the tremendous cut-throat competition there has been in that industry to the detriment of Canada; I think that is a fair statement—to the detriment of this country. If we had had the machinery in the last five years or longer under which we could have had governmental approval of fair trade agreements respecting newsprint for the export trade, I think it would have been to the great benefit of Canada.

Mr. DUFF: What about meeting competition in the foreign market?

Mr. HANSON (York-Sunbury): They will take care of that. I say that if we had had anything like that, then in my humble opinion, and I am putting it forward with great humility, it would have been of great benefit to the newsprint industry, and consequently of benefit to Canada. I can think of other examples. Look at the situation of the furniture industry in Canada to-day—every reserve of every company wiped out. Ask our colleague across the floor what is the position of the furniture industry in Canada to-day as a result of cut-throat competition. I put this query to the committee: Is it in the public interest that an old established industry in Canada like the furniture industry—I see my hon. friend from Weyburn (Mr. Young) is ready to spring; I may possibly be stirring up trouble—should be subject to such conditions as have existed in the industry for the last few years. The public have no right to get their stuff below cost.

Mr. HANBURY: That is a new theory.

Mr. HANSON (York-Sunbury): I will say this; as a general rule the public have no right to get the stuff below the cost of production.

Mr. HANBURY: What about efficient industry?

Mr. HANSON (York-Sunbury): That is another story.

Mr. DUFF: The consumer is the forgotten man.

Mr. HANSON (York-Sunbury): How can fair wages be paid under those conditions? Are we to lower the standard of living? I apologize, Mr. Chairman, for getting off on this angle, but I do suggest to the committee that this clause has some merit.

Mr. MACKENZIE KING: If power is to be given to permit of agreements for regulating prices and production has the minister considered the wisdom of receiving the approval of parliament rather than that of the governor in council? If these agreements are to be in the public interest it seems to me that parliament is the right body to give its approval in a matter that goes the length of establishing a combine.

Mr. HANSON (York-Sunbury): That I understand was the minority report, but I suggest that you would never achieve anything by that method because of the delay. Anybody who has had any experience in business knows that if it was necessary to await the approval of parliament, it simply could not be done. You simply would not get anywhere; it is not practicable. It may be a good democratic theory to suggest, but from my knowledge of business I would say that it is not practicable; it cannot be done.

Mr. MACKENZIE KING: The British parliament has found it practicable to approve of various agreements, and it has vaster affairs than ours.

Mr. BENNETT: Not of this kind, I think.

Mr. MACKENZIE KING: Very similar, they are agreements of less important and less significance than these.

Mr. HANSON (York-Sunbury): Yes, under their marketing act.

Mr. MACKENZIE KING: And those agreements would be less extensive than the ones my hon. friend suggested relating to the newsprint or furniture industry.

Mr. BENNETT: The steel cartels were not approved of by parliament in England?

Mr. MACKENZIE KING: I cannot say as to that. May I direct attention to another subsection of this act. I think the minister went further than he intended. Subsection 4 of section 14 says:

> In any case where the governor in council has approved an agreement under this section, no prosecution of a party to such agreement shall be instituted under the Combines Investigation Act or the criminal code for an offence arising in the performance of such agreement, except with the consent of the commission.

Should there not be some restricting or limiting words before or after "criminal code"? Should the section not read "the provisions of the criminal code relating to combines" or should the sections of the code not be specified? Otherwise a party to such an agreement could not be prosecuted for an assault.

Mr. BENNETT: You could say "the relevant sections of the criminal code."

Mr. HANSON (York-Sunbury): I think the right hon. leader of the opposition is right.

Mr. MACKENZIE KING: There is that danger in leaving it as it is.

Mr. YOUNG: Mr. Chairman, this section provides that wherever wasteful or demoralizing competition is found to exist in an industry, those engaged in the industry may be permitted to formulate agreements to regulate prices and production, in other words to form some sort of combine. Now, wherever wasteful or demoralizing competition exists in an industry it is generally the result of overexpansion, and overexpansion is generally the indication of a lack of judgment on the part of somebody engaged in the industry. When we find that condition existing should we permit those who have been guilty of this lack of judgment and have overexpanded their industry to come together and form an agreement to regulate production and fix prices? Should we not in that case be doing something that was detrimental to the public interest? We are deliberately keeping more people in an industry than the country can afford to maintain in it, and by that very act we are doing something against the public interest.

The minister mentioned the furniture industry as an example. Let us take that industry. In this country we had a great many furniture factories producing furniture which the people of Canada were buying. Then, with the coming of the depression, the people lost a large percentage of their purchasing power. They simply could not buy as many goods as they had been buying, and furniture was one of the things they could do without, so furniture was one of the things they first stopped buying. If this clause had been in effect at the time and our furniture manufacturers had come together to form an agreement to limit production and fix prices, what good would it have done them? The people would not have bought their furniture in any case, and the higher they kept their prices the

less furniture the people would have bought. The only way furniture went into consumption at all was by cutting prices. I know of a young man in this very city who got married and wanted to furnish a house. The depression was on and he saw that prices were coming down, but he said, "We cannot buy our furniture yet, but presently prices will come down." So he waited and waited, but apparently some understanding was arrived at among the furniture dealers of this city and this young couple could not buy their furniture until they discovered that someone in Toronto was selling furniture at lower prices. So they went to Toronto and bought their furniture for less money, and in that way they gave employment to people in the furniture industry which they never would have done if there had been an agreement such as this.

Mr. ILSLEY: I should like to say a word about the pulp industry. The Minister of Trade and Commerce is a much more experienced and an older lawyer than I am, but my understanding of the Combines Investigation Act is that it does not prevent any producers in this country from entering into a combine for the export trade.

Mr. BENNETT: That is not clear.

Mr. HANSON (York-Sunbury): If my hon. friend could satisfy some people in this country on that point I think they would be very much obliged to him.

Mr. ILSLEY: There would be no one to take any proceedings at all, because the pulp and paper people combined only in regard to the export trade. That is the rule in the United States.

Mr. HANSON (York-Sunbury): They have a special act over there.

Mr. ILSLEY: But the public interest must be affected before the combine becomes a criminal enterprise, and by the most elementary rules of interpretation that means the public of the Dominion of Canada. I never heard the point disputed until to-day. Now the minister says that if five years ago there had been a provision such as this the pulp industry could have saved itself by a combine in regard to export trade. They could not have done it any better than they could do it now. This provision does not impose any penalties; it merely removes the penalties that otherwise would exist under the Combines Investigation Act. It is not the place of the commission to enforce a combine entered into under section 14 or to prosecute for the violation of an agreement; they could not do that. You are simply leaving it to the producers here to agree among themselves, and you are saying that under certain circumstances they may enhance prices and limit production, and the penalties that otherwise would follow under section 498 of the criminal code or under the Combines Investigation Act will not attach while that agreement is in force. So with considerable deference I submit that the opinion of the Minister of Trade and Commerce is unsound so far as it applies to the pulp and paper industry.

Mr. BENNETT: I endeavoured to follow the facts as they were presented to the commission of which the hon. gentleman who has just taken his seat was a member. As I understand it the commission had before it evidence which satisfied it that unrestricted competition had destroyed a large number of smaller companies or people and that the survival of the fittest had been brought about by a competition that involved loss on the part of the ultimate survivors at the expense of the others.

Mr. ILSLEY: It was overexpansion that did it, rather than competition.

Mr. BENNETT: I am coming to that. I realize the soundness of that statement, but all one has to do is take the history of the railways of the United States in the years 1850, say, to 1880. There is a classic work upon that subject. They were unrestrained and unrestricted, and the traffic had to pay what it could bear. I think those were the words of one of the famous creators of railways in the United States. Then there was a great system that gave rebates to one of its largest customers. They were secret rebates, known only to the railway company and the customer. That history is a matter of record. The result was that the people of the United States came to the conclusion, as did the people of England, that there ought to be a body created that would fix the same rate for the same service for all railways. As a result we in Canada have the Railway Act, which was drawn up by the present vice-chairman of the board of railway commissioners.

Mr. ILSLEY: You could not apply that principle to the furniture industry.

Mr. BENNETT: I am just pointing out what the result was with respect to carriers. They were common carriers competing with one another in the same area for traffic, at any price at which they could get it, ostensibly showing certain rates which in fact they overcame by giving secret rebates. As I say, that history is one of the most interesting that one

could read. The United States found it necessary, as did Great Britain and Canada, to set up a board that would fix the same rate for the service rendered, having regard to what is called water competition east and west and the other factor, that is, where you have traffic to be carried to two ports, one of which is a little greater distance than the other, the rate to the further distant port is the same as it is to the lesser distant port. Without going into details those were the principles.

Now let us go a step further. Then came what are known in the United States as the great packer cases. In that country it was found that the packers drove out of business the small butcher who bought and killed local cattle and sold them in his own market. He was being driven out by the car that stopped at the siding. Usually before that took place the packer offered the local man the chance to sell out; sometimes he sold and sometimes he did not. The whole matter was reviewed by the Supreme Court of the United States, and the oil cases were also reviewed by that court at great length. The result of unrestricted and unrestrained competition was the creation of monopoly. The very thing my hon. friend from Weyburn (Mr. Young) aims to prevent was brought about by unrestrained and unrestricted competition. In the end the survival of the fittest meant a monopoly, with great resources, with many branches and with activities extending to all parts of the world. Now let us see what we had in this country during the years to which reference has been made. My hon. friend from Hants-Kings (Mr. Ilsley) said it was a case of over expansion. In very buoyant days the prospects of high profits from certain forms of industrial activity so affect others that they go into the business when purchasing power is high and large, and there being no reserves set up to meet the situation because of the effect of continuing competition there is undoubtedly great over production in periods of depression. The real truth is that because our combines act read as it did there came about large numbers of mergers. The mergers were the direct result of unrestrained competition, resulting in one corporation that created a monopoly in many communities and afforded no protection at all to the consumer. They were within the law, because twenty, thirty or forty plants had been carried into one plant, which did not come within the combines act. Therefore they could no longer be investigated as combines. I say to the hon. members for Hants-Kings and Weyburn, does it not come down to a choice between one of two things: Shall we permit the creation of a condition that will prevent the growth of monopolies and the creation of monopolies, by adequate restriction and regulation, or shall we permit the unrestrained operation of free competition to the destruction, ultimately, of all but the fittest?—and I am using the word "fittest" in the sense of meaning the largest resources. That is the position, as it appears to me—and I regret to say that I have come to this conclusion, because all my life I have followed with some interest this class of transaction. Hon. members who are members of the legal profession, and who will take the trouble to read the judgment of the Supreme Court of the United States will recall that the former ambassador to Great Britain, Mr. Kellogg, acted in several of these actions. There you have an illustration of another phase of the matter. Take tobacco, take oil, take packers, take the steel industry—all these matters were carefully considered and investigated; litigation was launched, in some cases with success and sometimes with failure. In the supreme court reports you will find in very comprehensive detail all the matters to which I have referred.

In this country we make no distinction between export and domestic business, so far as combines are concerned. The hon. member for Hants-Kings has suggested that there might be no opportunity for prosecution—

Mr. ILSLEY: I go farther; I say it is not an offence.

Mr. BENNETT: If a combine is bad, then it is bad whether it is applied to export or to import business.

Mr. ILSLEY: It must be to the detriment of the public.

Mr. BENNETT: The public interest of Canada, yes. But, just to finish what I was going to say: The Sherman Act, so-called in the United States, was an act not unlike our Combines Investigation Act—I say, not unlike it. In general terms the decisions of the Supreme Court of the United States would apply with equal force to the provisions under our combines act.

There is an important distinction between the principles which govern British law and those governing the law of the United States. The great case in English law was the Great Mogul steamship case, where the ship lay in harbour and could not get a cargo. Certain prohibitions were brought about, and the House of Lords decided as there was no statute in the matter it could not be said to be against the public interest to do what was being done, because there was a regulation of trade and

commerce in accordance with what they conceived to be a good and sound principle, and they did not interfere in that case.

About the same time in Brantford, Canada, there was a case in which a decision was arrived at indicating that under the provision of the criminal code there was no liability. A little later I defended what was known as the lumber combine case in the province of Alberta. I can recall the facts vividly, although it must be twenty-five or more years ago. When the papers were submitted to me I was clear that upon eleven counts they could be acquitted, but that upon the twelfth count I saw no chance of acquittal under the statute as it stood, because they were enabled to fix a price, inasmuch as they endeavoured to limit the creation of lumber yards by saying that a new yard should not be opened at a given point, without their permission. If it was opened without their permission there was no opportunity for the unfortunate man who opened the yard to secure a supply. In my judgment it was quite obvious that that violated the provisions of the section. Accordingly the case was tried before Chief Justice Sifton, and he acquitted my client upon eleven counts and found him guilty upon the twelfth count. That is an illustration of what I conceive to be proper conviction, because the regulation undertaken by the industry within itself was not such regulation as was in the public interest. In other words, it placed in the hands of the industry itself—I shall put it this way—the power to determine the terms and conditions under which people should be able to buy what is a necessary product in that province, namely lumber.

Here the commission had to deal with the importance of testimony which established clearly (1) that unrestrained and unrestricted competition, whether brought about by overexpansion or overcapitalization, or how else brought about, resulted, in the ultimate analysis, in the creation of a monopoly. That is an unfortunate thing to say, but it is true.

Mr. ILSLEY: Only in certain industries. There are many industries where there cannot be a monopoly.

Mr. BENNETT: That is what I wish to say. I thank the hon. member for Hants-Kings for mentioning the point, because it meets my view. There are many industries in which monopoly may be beneficial and not otherwise.

Mr. ILSLEY: I did not say that. I said "in which there cannot be a monopoly."

[Mr. Bennett.]

Mr. BENNETT: Oh, I thought the hon. member said "in which there can be monopoly." I did not understand him. There are many things in connection with which there cannot be a monopoly. I have seen with my own eyes the destruction of competition by the powerful, advanced and efficiently managed concern squeezing out the small competitor by underselling him, and then getting control of the market and regulating the price according to its own sweet will. That is bound to happen where you have unrestrained and unrestricted competition. That problem is the most difficult one with which public men of to-day have to grapple. How are we going to do it? Are we to say that men shall not arrive at an agreement providing a reasonable profit? We know the weaknesses of humans, in their greed, their avarice and their desire for large returns.

But I do submit that the evidence heard by the commission satisfies me upon one point, and that is this, that what the minister described as cut-throat competition, but which I would describe as unrestrained or unrestricted competition, has in many instances created a monopoly which in the end has been injurious to the consuming public.

Mr. MACKENZIE KING: I believe the commission has described it as "imperfect competition."

Mr. BENNETT: Quite so; I thank the right hon. gentleman. I think the adjective hardly gives the correct description.

Mr. MACKENZIE KING: That is the phrase they used.

Mr. BENNETT: Yes, that is what was said. I have this to say: We are here to make a choice between one of two courses, the first of which is to prevent monopolies and the second to create if possible a situation which will ensure in the public interest that a reasonable price is paid by the consumer for his product. That is what we are endeavouring to do.

Let us leave out a discussion of the desirability or otherwise of monopoly. None of us wants monopolies; we do not want them in these days. Of course there are monopolies respecting telephones, and various other matters of that kind. That question has been discussed in a judgment delivered by the House of Lords in which the whole economic situation was reviewed. But, leaving that for the moment, we come to the second problem which confronts us: How can we create a condition by legislation which

will ensure the benefits of a reasonable price to the consumers and at the same time prevent the maintenance of monopolies? In other words, how can communities 1, 2, 3 and 4 continue to operate, thereby maintaining the economic life of communities 1, 2, 3 and 4 as against the baneful effects of competition which would destroy communities 1 and 4 and leave 2 and 3 in control? How can we do it? Is there any way other than that suggested in the bill?

Mr. HANSON (York-Sunbury): I believe the expression "wasteful and demoralizing" is used.

Mr. BENNETT: Yes. I put that to the committee. How otherwise can we do it? One, two, three and four arrive at an agreement. The agreement is that the profits resulting from their efforts shall not exceed either a percentage upon the turnover or a rate upon the business transactions, but shall be according to some agreement that commends itself to the commission as being reasonable. I believe the hon. member for Vancouver-Burrard (Mr. Hanbury) was right, namely, that we should not provide for inefficient business. We have always objected to inefficient business being made the standard of measurement with respect to operations, or anything else. There is nothing more injurious than, as was done in one case in Canada, to the detriment of every consumer, to take an inefficient business and make it the standard for the determination of tariff assistance or aid. You cannot do it. Efficiency is the first factor in determining whether or not there shall be a grant of tariffs to an industry. Speaking about inefficiency, I have in mind a case which was brought to my attention since I have been in office where the complaint was made that they could not make money. The answer was clear: "You cannot make money with obsolete machinery." You cannot make money or you cannot have a return unless you have good management and unless you have proper machinery. The unfortunate position is, as we have it in industry to-day, that you cannot do by man power that which is being done more effectively by machinery by a competing company. For instance in the cotton industry there are great mills. One mill in Canada is possibly equal to any mill in the world. But, what has been the result in Japan? Why is Japan in such a fortunate position to-day? Because Japan has efficient machinery and management, and in some cases is working in competition with old and worn out machinery.

The problem, I repeat, is this: How can I save one, two, three and four by ensuring that they get a relative share of all the business, and at the same time prevent the destruction of one, two and three by number four, which has a monopoly of the whole business and takes one, two and three out of production. I know of no way in which it can be done other than by providing that these people make arrangements among themselves. That is, if they do it amongst themselves, that we do not mark them as criminals for so doing.

Mr. EULER: Would it have to be unanimous?

Mr. BENNETT: That is a matter about which I shall not express an opinion.

Mr. MACKENZIE KING: It will have to be settled at eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BENNETT: I had about concluded all that I desired to say except to point out that I know of no method by which the end aimed at could be accomplished except by use of an agreement such as this. It will be observed that the agreements relate first of all to a specified industry; they must be arrived at by the persons engaged in that industry and are to modify existing competition by the control and regulation of price and production. If by so doing the action should result in injury to, that is one, or undue restraint of trade, two, or be detrimental to the public interest, three, or against the public interest, four, the governor in council must take official action, which means that the government approves of the action taken.

Mr. MACKENZIE KING: My purpose in rising is not to question what the Prime Minister (Mr. Bennett) was saying earlier in the discussion with respect to unrestrained and unrestricted competition having led to mergers and monopolies but to take issue with what my right hon. friend said as to the combines act having in any way been responsible for the creation of mergers. That statement has been made by hon. gentlemen opposite from time to time, and, I think, wholly without any justification. Mergers have been part of the order of the day during the last quarter century or more and they certainly had become extensive at the time the Combines Investigation Act was first

introduced in 1910. The purpose of that act was not to preclude mergers or combines, as it was recognized that, with world competition what it was becoming, large combinations of capital as well as of labour were part of the inevitable trend. In the light of that it was felt desirable that there should be enacted legislation which would prevent those large combinations which were likely to become more numerous and more powerful from operating in a manner which would be detrimental to the public. The offence was not the formation of a combination, a monopoly or a merger; it was the operation of these powerful combinations in a manner which was detrimental to the public interest. This whole question was gone into fully before the price spreads commission and in the light of the frequent representations from some hon. gentlemen opposite, including the former Minister of Trade and Commerce (Mr. Stevens), the commission made a very definite statement on the point. In dealing with the administration of the combines act, the commission report on page 266 as follows:

> We regard the first, a rigorous enforcement of the combines act, as most important.

And continuing:

> The act does not by its terms, or by the manner of its present enforcement, hamper any combination that would operate in the public interest,—

That statement could not be more definite, and that is made, I gather, as the result of the discussion and consideration of that very point. My right hon. friend mentions that the combines act is very similar to the Sherman anti-trust act and that the Sherman anti-trust act had been directed specifically against combinations as such. That is perfectly correct with respect to the purpose of the Sherman act, but at the time our Combines Investigation Act was introduced the difference on the point in question between the Sherman act and our act was made clear to the house when it was considering the measure. It is true that certain provisions of both measures are very similar, for example those that have to do with investigations. The difference is that in the Sherman act a trust qua trust is an offence and is considered a combination detrimental to the public interest whereas under the Canadian Combines Investigation Act it was set forth frankly at the time of its introduction that in the order of things it might be expected that these large combinations would increase and that it was therefore necessary to prevent their exercising their power against the public interest. The offence that was set forth was the antisocial practices of any species of combination. The Combines Investigation Act might equally well have been called the mergers investigation act or the trusts investigation act or the monopolies investigation act as all were placed exactly on the same footing in the original act and are exactly on the same footing in the present act.

While I am speaking on this section there is another point I should like to bring up with reference to the report of the price spreads commission. The commission emphasized emphatically the necessity of the need of more effective control of monopolies and especially the enforcement of one or two provisions of the present combines act with respect to the lowering of tariffs or the withdrawal of certain patent rights in the event of offences occurring under the act where a remedy might be afforded through either of these methods of redress. I do not see anything in the legislation which the government has brought forward thus far to indicate that it is taking any action with respect to the recommendations of the commission as to the control of monopolies. I may not have seen all that is forthcoming, but that would appear to be one of the phases of the commission's report that is certainly deserving of careful consideration in the light of the tendencies of the day.

Mr. HANSON (York-Sunbury): I should like to refer to the suggestion of the right hon. gentleman that there might be an improvement in the draftsmanship of subsection 4. This subsection reads:

> In any case where the governor in council has approved an agreement under this section, no prosecution of a party to such agreement shall be instituted under the Combines Investigation Act or the criminal code—

Perhaps this should read, "under the provisions of the Combines Investigation Act or under the provisions of the criminal code." If I got the right hon. gentleman's suggestion correctly, I believe that will cover the matter.

Mr. MACKENZIE KING: The minister has not got my meaning. It should refer to those provisions of the criminal code which have to do with agreements which are against the public interest. As the section now reads a man might be guilty of any offence under the criminal code but if he was lucky enough to be a party to an agreement he could not be prosecuted under the code. My hon. friend would meet what I have in view if he would insert the words, "sections 496, 497 and 498 of the criminal code." Those are the sections of the code which relate to offences under agreements in restraint of trade.

Mr. BENNETT: We had that in originally but as the numbering of the sections of the criminal code is changing so frequently I suggested this wording. It is limited to offences arising in the performance of such agreements and I think it would be construed by a court to mean an offence of that nature. In view of what the right hon. gentleman has said, we might put in the words, "or the appropriate sections of the criminal code."

Mr. HACKETT: Does not the definition in (h) cover that?

Mr. HANSON (York-Sunbury): By unanimous consent this section might be amended to read, "or sections 496, 497 and 498 of the criminal code." If there is any difficulty in connection with the numbering, it could be made to read, "or the appropriate sections of the criminal code."

Mr. MACKENZIE KING: Or "the relevant sections."

Mr. HANSON (York-Sunbury): "Or the relevant sections." I suggest that amendment.

Mr. YOUNG: This afternoon, when the Prime Minister (Mr. Bennett) was speaking, he referred to competition leading to monopoly and I think his argument was something like this: that where you have free competition the more efficient gradually gobble up, shall I say, the less efficient, and the numbers of those engaged in the industry are gradually reduced until the more efficient have a monopoly of the business. I wonder how many monopolies we have in this country that have grown up and have perpetuated themselves on that basis and that basis alone. Apart from what we might call natural monopolies, such as railways, telephones and so on, have we a single monopoly in this country that has not been fostered and is not living to-day by reason of some special privilege granted to it, aside from the efficiency of the operation of that business? I doubt whether we have a single one. As business grows bigger it becomes harder to manage and ultimately it reaches the point where efficiency is impossible in that business. One of the chief causes of inefficiency is bigness; there is a limit to what the human mind can manage. I was talking the other day to a man engaged in the warehousing and trucking business, the manager of a small company, and he told me he was in direct competition with one of the largest concerns in the dominion; and he said, "We can undersell them, we can undercut them everywhere. We can handle at 40 cents a ton a commodity which would cost them 70 cents." I asked him how this was possible and he replied, "Because of the very size of the concern. It costs a tremendous amount of money to be efficient."

Mr. HANSON (York-Sunbury): And you accepted that as proof?

Mr. YOUNG: I accept it as an example of what happens; it is perhaps not sufficient for proof. but it is an illustration of what happens. Now how will you secure efficiency in an industry which is not exposed to competition such as that? The competition of the smaller concern will force the larger concern to become efficient or go out of business, or will undermine the larger concern in the end. Without that competition, and with such an arrangement as is contemplated in this bill, how will you provide that efficiency for the larger business? It cannot be done. The competition of the other concern is the only thing that will drive them to it. Mr. Carlisle, president of the Goodyear Tire & Rubber Company, came before the price spreads committee and told us that in 1920 a 30 x 3½ tire sold for $25.35; to-day that same tire sells for $3.96 and the mileage, he said, had been doubled. What has been the driving force that enabled the tire makers of this country to put that tire on the market at a mere fraction, about one-sixth of what it cost fifteen years ago?

Mr. HANSON (York-Sunbury): Science.

Mr. YOUNG: Science?

Mr. HANSON (York-Sunbury): Absolutely.

Mr. YOUNG: We will grant that. The development of science, improvement of methods and so on have made it possible to do that. But what has passed on to the consuming public of the country the advantage of that development? Competition.

Mr. HANSON (York-Sunbury): Mass production.

Mr. YOUNG: If the company that first improved its methods and took advantage of all those improvements had had no competition, it would have charged the same price and put the excess in its own pocket; and what would have been the result? We should now be paying as much as ever for our tires and there would not be as many men employed in making them to-day. But because there were competitors, because one man found a way of improving his methods and selling his tires a little cheaper, in order to get business, he forced his neighbour to do the same thing, and one working against the other forced the price to what it is to-day, with the result that

the public get the benefit of the advancement and workmen get the advantage of a wider market and more employment. Failing that, the benefit would all have gone to a few proprietors, capitalists as we call them, and there would have been less employment and less use of tires in the country.

The problem, said the Prime Minister, is this. You have industries 1, 2, 3, 4, located in communities 1, 2, 3, 4; are you going to allow competition to destroy industry No. 1, industry No. 2 and industry No. 3, and the communities that depend on those industries? Are you going to allow competition to destroy them and build up No. 4?

Mr. BENNETT: Unfair competition.

Mr. YOUNG: Well, we have first to define what is unfair competition. I want to ask this question. Are you going to set up in this country an industrial system under which, because communities 1, 2, 3, 4 are located where industries 1, 2, 3, 4 are operating, and because those communities are dependent upon those industries, industry must never change? Will you pass a law to provide that competition shall never be allowed to destroy industry 1, 2, 3 or 4? If you do you will petrify industry in this country—and I mean just that word. Not only will you stop it growing but you will drive the life out of it; you will ruin and kill industry in this country, because it is impossible to maintain industry on that basis and keep it going forever.

The Prime Minister referred to the competition of the Japanese textile makers, and what he said was most interesting. He said that the reason we find it so hard to compete with the Japanese is that they have the most up to date machinery, efficient workmen and efficient management.

Mr. HANSON (York-Sunbury): He said those were some of the reasons.

Mr. BENNETT: I did not specify the real reason.

Mr. YOUNG: Well, those were the reasons he did specify, and he said that against that we are trying to compete with obsolete machinery and a capital structure that had been resold to the public three times.

Mr. BENNETT: I was talking about Lancashire.

Mr. YOUNG: Lancashire?

Mr. BENNETT: Yes; I was not talking about Canada at all at that moment.

Mr. YOUNG: I did not think my right hon. friend mentioned Lancashire.

[Mr. Young.]

Mr. BENNETT: I think I spoke of the Lancashire people. We have not had a recapitalization of these industries as they have had in Lancashire.

Mr. YOUNG: I think we have some obsolete machinery in Canada.

Mr. BENNETT: We have some of the most up to date machinery in the British empire.

Mr. YOUNG: Well, I was going through a factory in Montreal and they showed me an immense room full of second hand machinery which they were bringing in from the United States. Now, by laws such as we are proposing to put on our books, or by the tariff structure, are we going to continue forever to protect any industry, simply because it is Canadian, against the efficient industry of Japan, or shall we rather say to the Canadian industry, "If you want to survive in this country you must become efficient, just as efficient as the Japanese or anyone else, and the test of that efficiency is to put you in competition with these people."

Mr. STANLEY: Starvation wages.

Mr. HANSON (York-Sunbury): Yes, 15 cents for women and 25 cents a day for men.

Mr. YOUNG: My hon. friend is guessing.

Mr. HANSON (York-Sunbury): I am not guessing.

Mr. YOUNG: This is the evidence that came before the price spreads committee, given by a Canadian textile man himself. He said that the people in Japan who were engaged in this industry were living well and were well treated; and that is more than can be said for the people engaged in the same industry in Canada.

An hon. MEMBER: Living on rice.

Mr. YOUNG: When the textile manufacturers came to the government in 1930 and asked for higher duties on their products, assuring the government at the time that they would not take advantage of those higher duties to charge a higher price to the people of Canada, I wonder whether they told the government then that if their request were granted, the people of this country would not be able to wear as many clothes as they had been doing. No, they did not. If they had told the government at that time that they would not be able to supply us with the same quantity and quality of goods we had been using before at the prices we had been paying before, they would not have got the protection even from my right hon. friend. But they did not tell him that; they told

him that they would not raise the price. Technically they did not, but practically they did by reducing the quality, with the result that the people of this country had to wear fewer clothes than they were wearing before and the wages paid by the industries were reduced. Although imports of textiles from other countries were shut out, the Canadian manufacturers did not supply the deficiency, and I frankly accuse them of breaking faith with the government; for when they come and ask for a market for themselves, they are under a moral obligation to supply that market without any decrease in the supply or in the value.

Under this legislation it will be possible for those people to come together and agree on prices and terms which will make it unnecessary for them to compete with efficient producers in either their own country or abroad. As I said before, as concerns get bigger and bigger, it is harder and harder for them to become efficient. Left as they had been, if there were no competition from abroad, more efficient concerns would develop in this country and force them out of business or to become efficient. But under this legislation, once they reach a certain point they can get together; all they have to do is to cut prices under one another and then they can get permission under this legislation to form a combine and have a gentleman's agreement which will fix prices and make the people pay on the industry's cost of production and not on a basis of efficient production.

Mr. BENNETT: I do not want to leave the hon. member for Weyburn (Mr. Young) under a misapprehension; if what I said to-day left the impression that I was dealing with Canadian industry, I was not; I was talking about the recapitalization of business that had been sold to the public so many times in Lancashire. It will be recalled that at the very time we were dealing with the problem, there was a reduction by the courts in England in the capital structure of one of the enterprises by a sum that amounted in our money to millions. I am mentioning that only lest there should have been a misapprehension.

All trusts popularly so-called have not been offences against the Sherman act. The steel trust, so-called, won its case in the Supreme Court of the United States; Mr. Kellogg was able to convince the court that it did not contravene the provisions of the Sherman act. In this country what the leader of the opposition has said is true: the question of the public interest has been the test to be applied under the combines act's powers. In the criminal code we still use the word "undue." I daresay many members have read Mr. Herbert's Misleading Cases in which he refers so humorously to "the reasonable man" that no one has ever been able to discover, who determines the issue in all cases. That is what is meant by the difficulty of determining what is unfair, undue. I purposely did not touch this point this afternoon because it is not a proper thing to compare the scale of wages and things of that sort in other countries with that which obtains in our own. If the hon. member will take the trouble to read the Sunday number of the New York Times of two weeks ago yesterday, he will find a complete report upon the whole situation with respect to the cost of production. One of the very difficulties we are labouring under to-day in connection with our dealings with Japan is the question of cost production.

As regards efficient machinery, I desire to repeat that there is in Canada a cotton mill that has as efficient machinery as there is in the British empire, if it is not more efficient than any other. The second hand machinery that my hon. friend referred to and that came into Canada was efficient machinery, but it was because of the shifting of the business from northern United States to the south where cotton is produced, that the very best machinery that could be manufactured had to be sold and either moved down to where the cotton was grown or else brought into this country. That so-called second hand machinery contains the last word in manufacture in the way of patented methods for the production of textiles cheaply, just as the shoe making machinery that was sold by this continent to the countries of Europe has enabled them by improving on it to sell their boots in once free trade England and other parts of the world in successful competition against every other producer. I refer to the Battle Shoe Company of which my hon. friend has knowledge.

Mr. YOUNG: How will the right hon. gentleman provide for efficiency in the absence of competition?

Mr. BENNETT: Just as I suggest would be done here—make the most efficient the standard of your agreement. Then you have a measure of competition. Some people think there is no competition among the banks. They say there is no competition among the elevator companies. There was a time in western Canada, as the hon. gentleman knows—he has been there as long as I—before we had a statute to regulate the charge that could be

made by elevator companies, when every man sought to charge just as much as he could get. Then a statute was passed by which a fixed charge was established. No one will say that because of that competition has ceased; on the other hand competition is extremely keen and the character of the business has been improved by that competition. You get competition under these agreements even if you do maintain the price, because each man will be struggling to advance his own interests by the service that he gives the customer.

Mr. YOUNG: Under this legislation let us take the case of my right hon. friend with industries numbers 1, 2, 3 and 4. Number 1 is, we will say, the most efficient, so it becomes the standard. Somebody else, not in No. 1, 2, 3 or 4, might devise a more efficient method of production, but under this legislation an agreement could be entered into by numbers 1, 2, 3 and 4 by which No. 5 could not come into the field at all, and thereby you would bring industry to the point where further production was impossible.

Mr. BENNETT: There is nothing to stop No. 5. This deals only with those now in the business.

Mr. YOUNG: The agreement stops progress.

Mr. BENNETT: It does not have anything to do with No. 5, that does not at present exist.

Mr. YOUNG: How is production regulated if others come in?

Mr. BENNETT: This applies only to those that are in existence.

Section agreed to on division.

On section 15—Duties of commission.

Mr. COOTE: Will this commission have power to set standards for motor oils and gasoline, for instance? It seems to me that would be a fine place to start if they have such powers. At the present time we are paying exorbitant prices at most service stations and garages for motor oils. We may pay the highest price that is asked for any oil and still have no way of knowing whether we are getting a high class oil. I would like to know what is contemplated as being possible for the commission to provide for us under section 15.

Mr. HANSON: (York-Sunbury): Under section 15 there is no provision for fixing standards as such of any commodity. The duties of the commission are defined in subsection 1:

> The commission shall be charged with responsibility for the prosecution of offences against acts of the parliament of Canada and regulations thereunder, relating to commodity standards—

That may be set up under another section. If the hon. gentleman will look at sections 16 and 17, he will find that the commission may refer to the research council for study, investigation, report and advice upon all matters relating to commodity standards. They may also on the request of the proper department of government make reports, and furnish any information desired. But there certainly will be no fixing of prices. Under section 18 there is such a thing as setting up a standard to be a national trade standard.

Section agreed to.

On section 16—Additional powers.

Mr. MOTHERWELL: I do not know whether I understand this section or not; I know the national research council formerly had a good deal to say on a great many questions, but this is going to make it almost a monopoly in regard to graded commodity standards, including agriculture. I should like to know how far it is meant to go. In section 15 the commission is charged with responsibility for the prosecution of offences—in regard to standardized products. Standardized products are defined in the interpretation section. It includes making the grades for anything, not only processed commodities, but commodities like grain, vegetables, fruit, eggs, anything. Has all that got to go to the research council as a final court of appeal, but first through the commission? If it has, we are going to have a terribly circumlocutory way of getting these grades established or changed.

Mr. HANSON (York-Sunbury): It is purely permissive. If the hon. gentleman will read section 16 carefully he will observe that it gives additional powers to the commission to "request" the research council to do so and so. It arms the national research council with authority on the request of the commission from time to time to do certain things.

Mr. MOTHERWELL: Where does the commission get the authority?

Mr. HANSON (York-Sunbury): Not to the exclusion of other authority, such as the Department of Agriculture.

Mr. MOTHERWELL: It does not say that here.

Mr. HANSON (York-Sunbury): This very question was under discussion recently with the officials of the Department of Agriculture. Of course I quite understand that they want to preserve their jurisdiction and authority and power. I submit that there is nothing in the section which derogates in the slightest degree from the powers and authority conferred upon the Department of Agriculture or other departments of the government to do certain things. But in this section 16 power is given to the national research council to do certain things if requested by this dominion trade commission. Certainly if the national research council were not properly equipped to do the work, and a department of the government, such as the Department of Agriculture, was fully equipped, they would never ask the research council to do it. This is purely and simply an enabling clause; there is nothing compulsory about it. Neither, as I construe it, does it give any monopoly to the national research council to do certain things to the exclusion of any other authority.

Mr. MOTHERWELL: That explanation does not explain at all to me, as there is no suggestion even that the various other departments first request the services of either the commission or the research council.

Mr. HANSON (York-Sunbury): I am sorry.

Mr. MOTHERWELL: In section 15 no reference is made to any department having any authority about it. The commission and the research council are the only bodies mentioned, and apparently they are the final court of appeal with regard to grading wheat, for instance—and I think we shall soon have to have something done about preserving wheat grades the way it is being administered. It all inferentially at least has to go to the research council. There is a monopoly being established right under our eyes.

Section agreed to.

On section 17—Reports in respect of products forwarded.

Mr. HANSON (York-Sunbury): I ask the committee to be good enough to allow clause 17 to stand, because at the request of the chairman of the national research council there has been drafted a very short subsection relating to their protection in case of adverse reports.

Section stands.

Sections 18 to 23 inclusive agreed to.

On section 24—Cooperation with boards of trade, et cetera.

Mr. GERSHAW: Could the minister tell us why boards of trade and chambers of commerce are especially mentioned here? Would it not be in order for the commission to assist responsible bodies in any community, the city council or otherwise?

Mr. HANSON (York-Sunbury): My understanding of the reason for naming the boards of trade and chambers of commerce is that it follows the report of the royal commission. The draftsman followed that as far as he could, according to his instructions. Those bodies represent the commercial community rather than the community as a whole.

Mr. GERSHAW: The board of trade may not be a very responsible body. If the commission could assist a council or an elective body it might be more advantageous.

Mr. BENNETT: It is only in connection with arbitrations, and the division of the Boards of Trade Act dealing with arbitrations.

Mr. HANSON (York-Sunbury): I think if the hon. gentleman will refer to the Boards of Trade Act under which these boards of trade are incorporated he will see what it means. This is only in reference to a particular object, that is commercial arbitrations, being conducted by or under the authority of a board of trade or chamber of commerce. They are the only body authorized by the Boards of Trade Act to conduct such investigations.

Section agreed to.

On section 25—Investigations.

Mr. HANSON (York-Sunbury): The draftsman has called my attention to the fact that there should be a slight amendment to this section. The section at present reads:

> 25. The commission shall have authority, when so required by the governor in council, to study, investigate, report and advise upon questions relating to the general trend of social or economic conditions or to any social or economic problem of Canada, and shall cooperate, when so required, with the economic council in connection with any economic investigation.

I desire to have inserted after the words "economic council" in line 27 the words:

> —established under the Economic Council of Canada Act, 1935.

Mr. RHODES: I so move.

Mr. NEILL: In that connection who is to do the "requiring"? What body is to require the commission to take action?

Mr. HANSON (York-Sunbury): The governor in council.

Amendment agreed to.

Section as amended agreed to.

On section 26—New securities issues.

Mr. ILSLEY: This section I suppose is to carry out the recommendation of the price spreads commission that there be a securities control board. But I point out that this board is not to function under this section unless requested so to do by the Secretary of State. My submission is that it may not function at all. This section may be a dead letter entirely. If it is to be a dead letter it should not be put on the statute book as a sort of pretence. It should be made a real live section and it should apply to security issues. There was no part of the Prime Minister's radio addresses in which he was more emphatic than this:

> The searchlight of publicity must be focussed on every issue of securities offered to the public. Adequate machinery must be set up to inquire into and report on corporate developments which tend towards consolidation and concentration. In other words the door must be locked before, not after the horse is stolen.

That was taken by the people of Canada —it could only be taken—to mean that the door would be locked before the horse was stolen; that before securities were placed before the public for subscription some board or body would pass upon them.

Mr. BENNETT: It did not say that; it was very careful not to.

Mr. ILSLEY: I should be much interested to know just what the Prime Minister meant by that.

Mr. BENNETT: He can tell you in a moment.

Mr. ILSLEY: This section 26 may mean nothing at all. When will the Secretary of State ask the commission to investigate and review the capital structure of a company? Will it be after there has been complaint throughout the country that investors have been taken in?

Mr. HANSON (York-Sunbury): Surely my hon. friend is not serious.

Mr. ILSLEY: I certainly am. Let the Prime Minister or the Minister of Trade and Commerce state what the section means.

Mr. BENNETT: Mr. Chairman, the hon. gentleman is very suspicious. If he will read what I said in January he will find that I made no observations that possibly could be construed as advocating the setting up of such a commission. I have given some little attention to this matter, notwithstanding what the hon. gentleman said the other evening. I have given some attention to this question for some years, for a period of twenty years and more as a matter of fact, if that information is of any use to the hon. gentleman, and I will confess that whenever I found a government institution set up for the purpose of giving its imprimatur of approval to the issues of securities, it has created a difficulty because it is then relied upon. Notwithstanding all that you may say to the contrary, that fact remains. As will be observed, this section contemplates new security issues, which the Secretary of State may refer to this board for investigation. All new security issues do not require to be investigated; no one suggests that they do. A moment ago the hon. gentleman spoke of the door being locked after the horse is stolen. I am sure he was not deliberately exaggerating when he made that statement; surely he has not looked at the provisions of the Companies Act with respect to what I conceive to be the governing factor, namely the prospectus upon which securities may be sold. The law as it will be passed by this parliament will meet the difficulty that we have experienced in times past, of prospectuses being issued which have avoided making the statements that I conceive to be necessary for the purpose of informing the public as to the true condition of the companies whose securities are being sold. I may say that at one time I thought the purpose would be served by endorsing across the face of the share certificate in red ink that the property covered by the security issues of this company cost the promoters so many dollars. The prospectus as outlined in the Companies Act, as it will be amended by the act now before the house, is far stronger than that. It goes further; it meets the difficulty I have always experienced, the difficulty that probably most of us who have practised corporation law in days gone by will clearly appreciate. That is this: When the exploiting promoter got hold of the company he secured all its common shares, its preferred shares and its bonds for so much money, without determining how much was for bonds, how much for preferred shares and how much for common stock. Then he sold them as the purchaser of them, and the terms of the prospectus of the company, or the statement in lieu of prospectus, left him entirely out of the picture. As a result the

public was hooked; that is the short way to put it. Now I do submit that the amendments proposed by the Secretary of State meet that situation.

Mr. ILSLEY: If they are constitutional. I am not raising the point; the Secretary of State raised it.

Mr. BENNETT: What the Secretary of State raised was the question whether it might not be an interference with property and civil rights in view of the fact that in the case before the privy council it was held that the security frauds act was intra vires of the provincial legislature in respect of provincial companies. It will be recalled that the case arose in Alberta and part of the court was of opinion that we could not interfere with a federal company in connection with these matters. The privy council took another view; it held that the province had certain powers that it could properly so exercise. The Secretary of State has nothing to guide him with respect to what the effect of that decision may be upon our powers in that regard, but the Secretary of State has inserted the provision that any purchaser, any broker, who buys these securities now must buy them on the terms of that prospectus which must be in the terms set out in the statute. That is the most advanced legislation we have had so far in this country to protect the public against fraud with respect to these sales of securities. I suppose the hon. gentleman knows from his practice, as well as I know, how difficult it has been adequately to safeguard the investing public by any suggestions that may be made. I have seen one suggestion after the other brought forward and tried, and if my own observation may be worth anything it is that the security frauds acts as enacted by the provinces probably have gone as far as any legislation that has been passed in Canada in that regard, but we had to go another step forward. It is the old story of publishing a statement in lieu of a prospectus and then having the securities sold as I have indicated, that enabled the irregularities to be created that brought about the scandals to which reference has been made.

Certainly in the legislation now before the house we have overcome that difficulty as the Secretary of State has said. Without desiring to express an opinion that might be open to question, in view of the security frauds case, as to how far the provinces may go in that matter, my own view is that we have followed the principle of law laid down by the privy council that when you have power to create something you have power to impose the conditions under which it shall exercise the powers that have been conferred upon it. When we create a corporation we say that one of the conditions under which that corporation may part with its securities is that the purchase of those securities by the promoters or the brokers shall be upon the terms of the prospectus, which shall constitute the terms of the bargain.

I think in fairness my hon. friend will regard that as a very distinct advance; I do, at any rate. The other evening the hon. gentleman indicated that I had no idea of my own intentions in the matter. Well, I am much older than he and I practised my profession for a considerable number of years before coming here. I have given a considerable amount of time to the study of that problem. Certainly I make no claim to any special knowledge of it, but I do say that in the discussions I have had with the Secretary of State for the purpose of trying to safeguard the public in connection with the sale of these securities, we believe we have gone further than anything that has been done before in Canada with that end in view. I do not intend to discuss the Companies Act to-night; that will come later, but I still think the section dealing with watered stock is one of the most difficult of all sections to deal with. I am still opposed to no par value shares, and if the price spreads commission had recommended that they be abolished I would have been glad to support that recommendation, but they were careful to suggest the alternative. They have given the imprimatur of their approval to no par value shares, to which I am opposed personally and against which I shall vote in this house if the opportunity arises. I am still against them.

Mr. ILSLEY: You are the Prime Minister.

Mr. BENNETT: But the Companies Act is an entirely different measure from these others. That is an act in connection with which recommendations were made, and the price spreads commission were not specific in that sense. I said to the Secretary of State, as he stated to the house the other day, that I believed it was a measure of such a character that every member of the house should be free to express his views and take the course that might suggest itself to him as the best way to serve the public interest. That is why the Companies Act is in that form. If the opportunity arises, however, I still will vote against no par value shares. There is an article in the last issue of the Canadian Bar Review, written I think by a gentleman in Montreal, which is well worth reading. He also

is opposed to no par value shares as I am, but it does not follow that the price spreads commission may not have been right in saying that the alternative view is quite as sound as the view which I hold. Therefore I do not desire to say that I have any monopoly of wisdom with respect to that matter. It may well be that the members of the price spreads commission and those associated with that work were right in recommending the alternative suggestion to the Canadian people rather than the abolition of these shares, but the reasons given in the article to which I have referred I think are such as will commend themselves to anyone. So this country is able to have a revising, reviewing body in the case of new securities without giving the imprimatur of governmental sanction and without the necessity for referring to this body the issues of every new company created. If the law with respect to prospectuses is observed, and if the law with respect to watered stock is observed—and I shall discuss that phase of the matter when the time comes—under this section, namely:

> The commission shall in any case, if requested by the Secretary of State, investigate and review the capital structure of any company incorporated by or under any act of the parliament of Canada, proposing to issue new shares, debentures or other securities to the public

—We cannot deal with the old ones. That is clear. They are done. And the injury which has been done by the issue of some of them we shall never be able to undo, particularly among some people who purchased them. But we can say this: If it is of sufficient importance, and if it is felt there is any doubt, something may be done. If the hon. member will bear in mind this single fact he will realize how difficult it is to carry into effect the regulations of a body to which all these matters would be referred: that the provinces have coequal powers with us in the creation of companies. That is our difficulty. At a conference I attended with provincial premiers it was agreed that we should have a uniform act; then when we began to discuss the terms the only uniformity was the uniformity of objections. They were very uniform indeed. To-day we cannot take that power away from them. If we set up a board and said that every company incorporated had to pass that board before it was allowed to be incorporated, the business in federal charters would be insignificant. But if we do it, as I believe we have, by imposing such restrictions upon the sale of securities as will prohibit their being sold unless under the terms of a prospectus, then I believe we have met the difficulty. Our regulations for the issue of prospectuses are more stringent and those who issue them are asked for fuller information than is required in connection with prospectuses in any other country of the world. I say that, after some knowledge of British empire requirements, and those in the United States. I think after study it will be found that in no country of the world are there imposed as rigid and strict provisions regarding a prospectus and its contents, and the provisions for the sale of securities, as are found in our statutes. In this instance however if the minister in charge feels there is some doubt or difficulty he may refer the matter to the board, in respect of new securities.

Mr. ILSLEY: I know the Prime Minister has given a great deal of thought to this matter because I believe I read the first speech he made in this chamber, in 1911, when he made reference to the problem of watered stock and how it could be prevented. But that does not touch the question whether or not anything effective has really been done.

I was somewhat at a loss to follow the Prime Minister's argument. In one breath he states it is unsound for any board to give the imprimatur of government sanction to the issue of securities; in another he states the section is to have that effect. If the Prime Minister had control of the administration of the act it would appear that there would be no references to the board, because that would be doing what is essentially unsound, namely giving the imprimatur of government sanction to security issues, thereby leading the public to think that the stock was not watered. That is just our objection. We fear that is the spirit in which the act will be administered, and that there will be no security issues referred to the tariff board at all. The tariff board, whatever can be said about the time it may have to investigate unfair trade practices, the set-up of commodity standards, and the supervision and enforcement of a great number of things, certainly will not have time to supervise the issue of securities by public companies incorporated under dominion charters. I am of the opinion that practically nothing will be done in this connection, and that we are just deluding ourselves if we think there will be. Certainly the "searchlight of publicity" being "focused on every issue of securities offered to the public" would be taken by the ordinary individual to mean something more than the filing of prospectuses. Last spring the Secretary of State said that he went as far as he could in providing for the filing of prospectuses, and last Friday he stated he was going farther, but

that he was afraid further action would impinge upon provincial jurisdiction in the matter of property and civil rights, and that he had always been against the filching of provincial jurisdiction under the guise of criminal legislation, when the legislation was not in its essence criminal. So, altogether, my humble submission is that the promises of January last have not been fulfilled. I consider if we are going to have a securities control board we should have a securities control board which would supervise all issues of securities to the public, and if we are not going to have a securities control board do not let us make a pretence of having one by passing an optional section which will impose upon the members of the tariff board, sometimes, and under some secretaries of state, a task which is beyond their ability to cope with, in view of their other extensive duties.

Mr. HANSON (York-Sunbury): I am sorry the hon. member thinks so poorly of this section, because I have to confess that I drafted it. Having considered the whole position we came to the conclusion that it would be wrong and not in the public interest to set up a board which would give such approval as would enable the buying public to say, "This has the O.K. of the Canadian government." I think that would be radically wrong.

Mr. ILSLEY: I believe the minister is overestimating the danger.

Mr. HANSON (York-Sunbury): That is a matter of opinion in connection with which my judgment may be just as good as the hon. member's, or his as good as mine. However that is the view we took. The companies branch of the Department of the Secretary of State has always been very well operated, I believe. In days gone by I had considerable experience with that branch, and that was my experience. Under the present Secretary of State I have no doubt the branch has been well run, because I do not believe there has ever been in that position a gentleman who understood company law as well as the present Secretary of State understands it. It has been the practice under his aegis, during the past five years, to review all new applications, within the limitations of the Companies Act. Hon. members familiar with the companies Act and amendments thereto, particularly those relating to prospectuses, will know that it is not necessary to refer every new issue of stock. Take the case of a simple company with common $100 par value shares; why should it be necessary to have that new issue referred to a commission, such as herein indicated, if the other provisions of the Companies Act are complied with? Where there are several kinds of securities, such as contemplated by the Companies Act, there may be occasions when investigations are required. And there are safeguarding provisions in the following subsections. That will take care of any situation which may arise. There is full power of investigation if the Secretary of State thinks it is necessary to have an investigation. There is power to disapprove or reject, which is very important. There is no power of approval, and in my opinion we should not give effect to the formal approval of any issue because I can see that such approval would be capitalized by every bond and stock salesman in Canada. They would go out and say, "This has received government approval," and the people would be duped by that sort of thing. I think this section goes a long way, and I assure the committee that it was not put into the bill without the most careful consideration.

Mr. EULER: Will subsections 3, 4, and 5 apply independently of section 1?

Mr. HANSON (York-Sunbury): No.

Mr. EULER: Subsection 1 reads:

(1) The commission shall in any case, if requested by the Secretary of State, investigate and review the capital structure of any company incorporated by or under any act of the parliament of Canada.

Should the Secretary of State not make that request, would the commission still be under the necessity of asking to be furnished with full information as provided by subsection 2?

Mr. HANSON (York-Sunbury): Subsections 2, 3 and 4 follow on from subsection 1. If the Secretary of State requests the commission to investigate and review the capital structure of any company proposing to make a new issue, then subsection 2 would apply as an enabling provision, subsection 3 would apply as limiting the power, while subsection 4 would make it an offence for any person to be a party or privy to or assist in the issue of any securities which has been made without compliance with the provisions of this act.

Mr. EULER: If the Secretary of State makes no request to the commission as provided for in subsection 1, subsections 2, 3, 4 and 5 would not apply?

Mr. HANSON (York-Sunbury): That is my understanding.

Section agreed to.

Section 27 agreed to.

On section 28—Publication of certain reports.

Mr. YOUNG: Does this section mean that the agreements as suggested in section 14 shall be published?

Mr. HANSON (York-Sunbury): It means just what it says. The section reads:

1. The commission shall within fifteen days after making any report, recommendation or finding under this act make the same public in such manner as seems desirable unless the commission is unanimously of the opinion that the public interest would not be served by publication, or that the public interest would be better served by withholding publication.

If the agreements to which the hon. gentleman is referring are included in any report, recommendation or finding, then they must be made public.

Mr. YOUNG: In the case of an agreement for the regulation of production and prices, would it not be better to have it published before rather than after it is entered into, in order to give any interested parties an opportunity to make representations?

Mr. BENNETT: The hon. member means after they are made but before they are approved.

Mr. YOUNG: Yes, before they are approved?

Mr. BENNETT: There is something in that.

Mr. HANSON (York-Sunbury): That did not occur to me and I shall give consideration to the matter. Before the third reading I will read the remarks of the hon. gentleman, or perhaps I had better not take the bill out of committee.

Section agreed to.

On section 29—When the act comes into force.

Mr. MACKENZIE KING: Why has the minister selected the first day of October as the day upon which this act shall come into force?

Mr. HANSON (York-Sunbury): Some time must elapse for the printing and circulating of the bill, but it could be September 1 or August 1, or it could come into force upon royal assent. This bill is being put in under the tariff board and some time must be allowed to them to make the necessary preparations.

Mr. MACKENZIE KING: This bill must be considered in relation to the amendment to the Combines Investigation Act which as I read it will come into force as soon as it is given the royal assent. Unless some change is made in the provisions of that bill there will be a hiatus during which there would be no body charged with the administration of the Combines Investigation Act.

Mr. HANSON (York-Sunbury): I am advised that they are to amend the other bill in order that they come into force simultaneously. With the consent of the committee I should like to revert to section 17 which has to do with the national research council. The national research council will have to make reports from time to time in connection with the ingredients of any commodity or any adulterants which a commodity may be found to contain, and subsection 2 states that these reports shall not be used for advertising purposes. It has been felt that as a report might contain statements with respect to the commodity of certain companies or individuals, the members of the council, which is a body corporate, should be protected against action. For their protection the following subsection is being suggested:

(3) No action or other proceedings may be instituted against the national research council or any officer or employee of the council in respect of any advice, information, or report given or made in good faith under this act or any other act of the parliament of Canada.

Mr. RHODES: I move accordingly.

Mr. ELLIOTT: Under that subsection would the onus of showing good faith be upon the commission?

Mr. HANSON (York-Sunbury): In my judgment the onus of showing lack of good faith would be upon the proponent.

Mr. ELLIOTT: Not as it is drafted.

Mr. HANSON (York-Sunbury): I think that was the intention of the draftsman and I think it is covered by common law, as a matter of fact. I do not think this amendment would do any harm as it is being made at the request of the national research council.

Mr. ELLIOTT: It may not be very material but in my opinion the onus of showing good faith would be upon the commission.

Mr. HANSON (York-Sunbury): I do not think that follows.

Mr. ELLIOTT: If that is not intended it should be made quite clear. In my opinion the man who brings an action would have to overcome the question of good faith; he would have to show bad faith.

Amendment agreed to.

Progress reported.

PRIVATE BILL

FIRST AND SECOND READINGS

Bill No. 111, to incorporate The Community General Hospital, Alms House and Seminary of Learning of the Sisters of Charity at Ottawa, Canada.—Mr. Gagnon.

EXCHANGE FUND

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of Bill No. 101, respecting the establishment of an exchange fund.

He said: The present state of international exchanges gives cause for apprehension on the part of all persons, especially having regard to the chaotic values in the leading currencies. It was hoped in 1933 that some stabilization would be possible, and efforts, as is known, were made to that end. But alas, nothing was concluded between the great nations of the world, and the result is that there have been very great fluctuations in values—the pound sterling, the dollar abroad, and all the currencies of continental Europe.

In his remarks in making the budget statement the Minister of Finance (Mr. Rhodes) referred to this fact; and it is in the opinion of the government desirable that machinery should be established that will at least serve some useful purpose if the occasion should arise to deal with a problem of this magnitude. Of course, it is only necessary for me to say that in Great Britain they have gone into the matter on a very tremendous scale. At one time they appropriated £150,000,000 to deal with this problem, and subsequently the amount was increased to £350,000,000 in order that the treasury might be able to take such action as might be desirable for the purpose of stabilizing the value of the pound sterling; and money for the purpose was obtained by the sale of treasury bills, that is, the sale of securities. During the last three years that fund has been operated with a very considerable measure of success. I will read from the statute, if it is desired, by which that fund was set up.

The government of the United States also provided for such a fund, resulting from the revaluation of the country's gold reserve from $20.67 to $35 an ounce. But that profit was not wholly used for that purpose; by a regulation passed in 1934 it was specifically provided that a portion of that fund might be available for that purpose, and the fund as established amounted to the very large sum of two thousand millions of dollars. It is entirely too early to express any opinion as to what the effect in that regard has been, but broadly and generally it must have served some useful purpose. That being so, we have concluded that we can serve some useful purpose in this country at this time by revaluing our gold reserves and permitting the profit that would accrue to be held in the special fund instead of being deposited in the consolidated fund, and if the occasion arises recourse can be had to this fund to stabilize our dollar abroad.

Mr. MACKENZIE (Vancouver): Does this entail an amendment to the Currency Act?

Mr. BENNETT: No, it does not. There is no necessity for amending the Currency Act to accomplish the purpose we have in mind. The bill, however, will make this permissive rather than obligatory; that is, this provision will come into force when proclamation to that effect is issued. But it is intended to proceed with the revaluation at once. That, of course, arises from the action that was taken last year in the Bank of Canada Act and the subsequent order in council passed, to which reference has already been made in the house.

The change from the $20.67 valuation to the current value of gold is, of course, largely a bookkeeping entry. It is known that the forty per cent of the gold held by the banks has by order in council been made available for their foreign balances and foreign business. The effect of the revaluation will be to enable the Bank of Canada to make the necessary bookkeeping entries and complete the transaction; but the resultant profit, as I have said, will not be dealt with as provided for in the Bank of Canada Act but retained as a fund which may be available upon proclamation for the purpose of enabling whatever government is charged with the responsibility to utilize it for stabilization purposes.

It will be recalled that the gold purchases from the banks were on the basis of $20.67 per ounce. Some objection was made, but as a matter of fact all the gold was turned over to the Bank of Canada, and the reserves provided for under the Currency Act are twenty-five per cent in gold, under the Bank of Canada Act, with respect to our issue of paper money. This, of course, will have the effect of extending to some extent the issue power, because twenty-five per cent on the new valuation will create more gold than under the old valuation of $20.67. I think it will be agreed that it is probably not regarded as good common sense for the bank to be conducting business and making a report from month to month or week to week—I have the last week's beside me—on

the basis of gold being valued at $20.67, as it has been doing ever since it came into being, when as a matter of fact in the markets of the world, alike in London, New York and Paris, gold has been sold at the figure of $35 and in some instances an odd cent or two more, in other instances an odd cent or two less than $35.

The provision of the bill does not contemplate any commitment being made in regard to the future policy of this country with respect to its monetary system. It is not intended so to do. It is rather to give effect by legislation to-day to the revaluation of our gold reserves and to provide by variation of the terms of the Bank of Canada Act that on proclamation this shall be available for the purpose of being utilized to support, if necessary, the value of our dollar abroad. As we proceed, I shall be prepared to answer any questions that may be asked as to the law prevailing in other countries, but I do not think I can say more with respect to the principle of the legislation than what I have already said.

Mr. EULER: What amount is made available under that rate?

Mr. BENNETT: Perhaps we had better wait until we get into committee, and I shall give the information in detail.

Hon. IAN MACKENZIE (Vancouver Centre): I do not rise at this time to oppose the principle of this bill, the second reading of which has just been moved by the Prime Minister (Mr. Bennett). At the outset of his remarks on the second reading, he referred to the apprehension in international circles and the chaotic values of various currencies. It is well known to every hon. member that the question of stabilization of international currencies was one of the major problems before the world conference in London in 1933. At that time, largely through the specific policy adopted by one of the nations at that conference of proceeding first of all with the raising of internal price levels before considering the question of stabilizations of international currencies, that question was shelved by the world conference. I regret that the government has not found it possible before this date to endeavour to do something along these lines.

The Prime Minister referred to the attempts already made on the one part by Great Britain and on the second part by the United States of America in the direction of creating exchange stabilization funds. I think it was in 1932 that Great Britain formed, as he said, a fund of £150,000,000. That was raised to £300,000,000 or £350,000,000 in 1933. The United States, when gold was revalued there, found themselves in possession of a profit of $2,800,000,000, of which $2,000,000,000 was immediately applied to the purposes of forming a stabilization fund. The point I should like to establish here is this, that despite the fact that this may be a desirable thing to do, it is giving only a very puny and insignificant protection to the Canadian dollar. We are sitting around the international table with only one chip while the other great nations have large stacks before them. What protection can we afford to our Canadian dollar with a humble $64,000,000, which is my estimate at the present time of what can be obtained from the present amount, when in Great Britain they have £350,000,000 probably augmented since that date because the operations of this fund are kept severely secret in both countries—in the United States $2,000,000,000?

Mr. YOUNG: Are we sitting in on a poker game?

Mr. MACKENZIE (Vancouver): My point is that you cannot protect the Canadian dollar with such a small fund as this. My opinion is that you must protect the Canadian dollar by the expansion of Canadian trade. That is far more vital protection than is the creation of a stabilization fund of the proportions of this one.

I wish to deal with the second feature which arises in connection with this bill. This is very largely by way of companion legislation to the Bank of Canada Act of last year. We remember that under that act power was taken to take their gold from the banks and transfer it to the Bank of Canada. Under the operation of that section a sum of $37,480,404.46 was taken over. Last year there was inserted in the Bank of Canada Act a section which gave the governor in council discretion to decide what proportion of the gold taken over from the chartered banks of Canada would be entitled to the profit as between $20.67 and $35; that is the proportion required by the banks for their outside commitments or foreign obligations. I should like to refer the house to some questions I asked during the proceedings of the banking and commerce committee last year of one of the heads of a chartered bank in Canada. I asked whether the banks themselves could definitely decide or assess the percentage that was required of the gold they actually held then for foreign commitments. The answer was as given on page 379 of the proceedings of last year: "I am sorry I cannot give you even an approximate idea. It would be difficult to tell you what the percentage

would be." Despite the fact that the bank managers themselves, those who are running the chartered banks of Canada, were unable to assess the percentage of gold which was required for their external commitments, this government in its wisdom or unwisdom proceeded during the recess, on the 29th day of April, 1935, by P.C. 1110, to make an arbitrary assessment of 40 per cent to which the banks were entitled. Then it proceeded to give special concessions to two of those chartered banks, and the necessity for that is referred to, I must say, in the order in council, but has not yet been specifically explained to the house. As a result of the 40 per cent of the $37,480,404.46 I have mentioned, the amount of profit which will revert to the chartered banks would be $14,992,161.78, and to that must be added, according to the terms of the order in council, 60 per cent of the $300,000 to be returned to one chartered bank, or a sum of $180,000, and 60 per cent of $89,609 to another bank, or a sum of $53,765.40, or a total profit to be given back to the banks of $15,215,927.18, leaving the amount of gold with the Bank of Canada, which will be conjoined to the Finance Act gold for the purposes of carrying out the provisions of Bill No. 101, of $22,264,477.28. If we add to that the Finance Act gold which was also transferred to the Bank of Canada under the provisions of the legislation of last year, we have available for the purposes of the present bill a total of $91,670,500.31.

Last year we on this side protested very strongly against the principle of transferring not only the gold belonging to the chartered banks, amounting roughly to $37,000,000, but the Finance Act gold, the gold belonging to the taxpayers of the dominion, to a private corporation. Now we find that by Bill 101 which is before us for second reading, we have created a special fund, the profit arising from the revaluation of gold. I am very glad to see that in this bill most of the powers remain with the minister, with the government, except in regard to section 7 where there are some transactions and some powers given to the Bank of Canada in respect to certain negotiations concerning securities; in other words some negotiations affecting this gold are left, under the provisions of section 7, according to my interpretation, with the Bank of Canada. If they have left with the minister this power to deal with this contingent fund at a contingent date, I submit that the argument made last year is stronger than ever. This sum of $107,000,000 which has been transferred to the Bank of Canada will be worth to-day or to-morrow, whenever this bill is proclaimed, not $107,000,000 but $180,000,000. On a basis of twenty-five per cent of metallic coverage, which was the basis adopted at the conference of 1933 at which the Prime Minister was present, without the slightest suggestion of inflation that gold reserve of $180,000,000 entitles the Bank of Canada, if that should be its policy, to issue notes of the Dominion of Canada up to a total of $720,000,000 on a sound scientific principle. So I am sure the house will realize the tremendous power we placed in the hands of a private or quasi-private corporation last year, and I am glad that to a certain extent at least the government has abandoned some of its ideas of a year ago, and entrusted most of the control of this contingent fund to the minister, I presume the Minister of Finance.

I am not opposing this bill; as I have said before in this house I believe that we should use the note issue that is possible on a scientific basis due to the appreciated value of gold for the reduction of the national debt and for the substitution of non-interest bearing securities for maturing interest bearing bonds. That, however, is a suggestion that is not exactly germane to the principle of this legislation. I am not going to oppose the second reading of this bill; I hold as strongly as I did a year ago the opinion that the control of this gold, which belongs to the Dominion of Canada, should be vested in a bank that is under the control of the government of Canada, who are responsible to parliament which in turn is responsible to the Canadian people.

Mr. THOMAS REID (New Westminster): Like the last speaker, I am pleased that the government, even at this late stage, are about to take steps to revalue our gold stocks. It is not my intention to delay the second reading of this bill; I wish only to say that I am indeed sorry that the government are not also at this time taking steps to value silver and to use silver as further base for currency. It is my intention when the bill is in committee to move some amendments, because it will be remembered that I endeavoured to introduce two bills not long ago, and I am indeed sorry that I was prevented from laying before the house and the government certain suggestions which I think should be adopted in the interest both of our mining industry and of our currency. I shall reserve my further remarks until the bill is in committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Short title.

Mr. YOUNG: Will the Prime Minister explain how it is proposed to operate this fund?

Mr. BENNETT: That comes later.

Section agreed to.

On section 2—Definitions.

Mr. BENNETT: The word "interpretation" comes out.

Mr. SPENCER: I think it was said that when we got into committee an explanation would be made.

Mr. BENNETT: The relevant sections of the Bank of Canada Act are printed on the bill. If the committee will look at the bill they will see the sections from the Bank Act to which reference is made. I think the hon. member for Vancouver Centre (Mr. Mackenzie) will pardon me if I observe that in England, where the Bank of England, a wholly privately owned institution, has the control of the metallic situation so far as currency is concerned, the treasury took control of the fund created for the purpose of stabilizing exchange, by chapter 25 of the acts of 1932, which provides that:

> There shall be established an account to be called "the exchange equalization account," which shall be under control of the treasury and shall be used for the purposes specified in this part of this act.

Then followed the provision in 1933 that increased the fund from £150,000,000 to £350,000,000 by chapter 18 of the statutes of that year. So that at least we have a good example for what we are doing in that regard.

Turning now to the amount involved, the hon. member for North Waterloo (Mr. Euler) asked a question. The last statement of the Bank of Canada, that for the week ended June 5, 1935, was as follows so far as reserves are concerned:

Gold coin and bullion	$106,936,427 29
Silver bullion	1,230,279 09
Reserve in sterling funds	186,492 93
Reserve in U.S.A. funds	12,564,441 00
Reserve in funds of other countries on a gold standard	15,822 18
Total	$120,933,462 49

And subsidiary coins, quarters and dollars, et cetera, amounting to $321,971.43. That is, the gold in the hands of the Bank of Canada was $106,936,427.29. It will be recalled that last year there was considerable opposition, shall I say, to the Bank of Canada taking over the gold from the banks at $20.67 an ounce. They pointed out that they had large obligations in their branches abroad, in the United States of America, in South America, in Newfoundland, two of them in particular, and they asserted that this gold had been accumulated by them for the purpose of taking care of their foreign commitments. The parliament of Canada provided that this gold was to be turned over to the Bank of Canada. It also provided that the gold in the hands of the receiver general should be turned over to the Bank of Canada, as the hon. member for Vancouver Centre has said. In the early part of the year, after the Bank of Canada had begun to operate, the banks desired that there should be an adjustment between the Bank of Canada and themselves; therefore an order in council was passed on April 29, 1935, as stated by the hon. member, and I think in order that the committee may have the story clearly before it I shall read the order in council:

> Whereas there has been laid before His Excellency the Governor General in council, a report, dated 23rd April, 1935, from the Minister of Finance, stating as follows:
>
> 1. Subsection (1) of section 28 of the Bank of Canada Act provides that "every chartered bank shall, on the day on which the bank is authorized to commence business, transfer to the bank all gold coin or bullion owned and held by it in Canada."
>
> 2. Under the authority and instruction of the above-mentioned subsection the chartered banks have transferred to the Bank of Canada gold owned and held by them in Canada in the following amounts:

Barclays Bank (Canada)	$ 10,482 23
The Canadian Bank of Commerce	13,182,326 77
The Dominion Bank	804,495 53
Imperial Bank of Canada	218,220 98
Bank of Montreal	13,043,245 93
Banque Canadienne National	419,002 56
The Bank of Nova Scotia	6,546,338 19
La Banque Provinciale du Canada	40,350 86
The Royal Bank of Canada	2,382,087 24
The Bank of Toronto	833,854 17

> 3. Section 30 of the Bank of Canada Act provides amongst other things that any profits resulting from the sale by the Bank of Canada of gold coin and bullion transferred to the bank by the chartered banks or from an increase in the value of such gold resulting from any change in the monetary standard of Canada, shall belong to the chartered banks, "if the governor in council is satisfied that the said gold was at the time of the transfer being held by a chartered bank against liabilities elsewhere than in Canada." It is therefore necessary for the governor in council to reach a decision as to the proportion of the total amount of gold and bullion transferred to the Bank of Canada by the chartered banks which was at the time of the transfer being held against liabilities elsewhere than in Canada.
>
> 4. The chartered banks have made representations to the effect that all, or substantially

all, of their gold was at the time of the transfer held against liabilities elsewhere than in Canada. In general, they point out that with the monetary instability which has prevailed and the continued threat of wide exchange fluctuations, manifold risks and the possibility of losses are ever present in conducting foreign business; that if any major crisis occurred abroad the liquid assets which they held elsewhere than in Canada against foreign liabilities were likely to be immobilized, particularly as the foreign branches of Canadian banks have no right of rediscount with any central bank in any foreign country; and that all their gold had always been regarded and treated as a mobile reserve, free for transfer abroad either for the general protection of the banks' foreign liabilities or for use in the event of any specific emergency which rendered it expedient to ship gold.

In the opinion of the Minister of Finance, having in mind the traditional requirements of prudent banking and the necessity of maintaining adequate cash reserves against domestic liabilities, the general contention of the banks that all their gold owned and held in Canada was at the time of the transfer being held against liabilities elsewhere than in Canada cannot be successfully maintained. Moreover, a careful examination of the data showing domestic and foreign liabilities as well as cash, quick and liquid assets both in Canada and elsewhere of the various chartered banks discloses no precise basis on which the gold held in Canada may be allocated against domestic and foreign liabilities respectively. Nevertheless it is apparent that in view of the greater risks arising out of foreign liabilities, the inability of our Canadian banks to rediscount liquid assets with foreign central banks and the necessity of relying upon gold as the only satisfactory mobile reserve, a substantial proportion of the gold owned and held by the chartered banks in Canada can reasonably be regarded as being held at the time of transfer against liabilities elsewhere than in Canada.

And whereas detailed examination of the available information in regard to the domestic and foreign liabilities and reserves of the various chartered banks has been made;

Therefore, in view of the foregoing, His Excellency the Governor General in council, on the recommendation of the Minister of Finance, is pleased to decide and doth hereby decide and order that forty per cent of the gold owned and held in Canada by the various chartered banks and transfered by them to the Bank of Canada, as set out above, be regarded, for the purposes of section 30 of the Bank of Canada Act, as being held at the time of transfer against liabilities elsewhere than in Canada, and that in addition, in the case of the Banque Canadienne Nationale and the Royal Bank of Canada, there be added to the amounts so determined sixty per cent of $300.000 and $89,609 respectively, being amounts representing special foreign deposits against which the Minister of Finance is satisfied that the said banks were liable to pay gold on demand.

That is the order in council that was passed. The banks made representations claiming a larger allowance than forty per cent. The minister, after examining the reports as to the character of their business in foreign countries, some operating largely in South America, some in the United States of America, several in Great Britain, some in the West Indies and some in Newfoundland, came to the conclusion that forty per cent was a reasonable amount to allow, and the order in council which I have just read directed accordingly.

With respect to the two special amounts I need hardly point out that the terms of the order in council itself indicate why these were given special treatment. During the war there was gold in British Honduras which was entrusted by the British authorities to the Royal Bank of Canada, and having regard to changed conditions ultimately it was transferred to this country and held as an earmarked deposit for that purpose, and treated by the bank as a liability in gold. Therefore, of course, it had to be treated in the way it has been treated in the order in council. The other is a small deposit which I believe is the balance of a larger deposit made by the Bank of France during some of the transfers that took place in connection with business between the two countries at a time long since past. That is why these special amounts, earmarked for special purposes, are treated as being amounts that, in the terms of their arrangements—to which in a sense it is fair to say the country was a party at the time they were made, since the Department of Finance had knowledge of the transaction—may involve the banks in the necessity of paying in gold. It will be observed that the sum total of the amounts held by the banks was $37,480.973, and of that sum $15,226,151 was required to pay forty per cent against outside liabilities, with sixty per cent of $300.000 in addition in the case of the Royal Bank of Canada in connection with the British Honduras deposit and sixty per cent of $89,609 in the case of the Banque Nationale.

Mr. MACKENZIE (Vancouver): Was it sixty per cent of these two latter amounts?

Mr. BENNETT: The sixty per cent and forty per cent make one hundred per cent, and that is included in the sums I read.

Mr. MACKENZIE (Vancouver): Are the two sums of $300,000 and $89,609 respectively included in the total of $37,480,973 as the total amount taken over?

Mr. BENNETT: Yes.

Mr. MACKENZIE (Vancouver): So that all the gold was actually delivered to the Bank of Canada on the due date?

Mr. BENNETT: Yes, with the reservation that was made by the two banks with respect to these amounts.

Mr. MACKENZIE (Vancouver): But the actual gold was all delivered by the banks?

Mr. BENNETT: It was delivered in the sense that the Bank of Canada took delivery of it. I am not in a position to say that it was all moved from one place to another, for as a matter of fact much of it remained in the vaults in which it has been held for the last twenty-five years, but qua bank the Bank of Canada became the responsible custodian of the whole of the gold. I gather that is what the hon. gentleman asked. There therefore remained, as the hon. gentleman has just pointed out, something over $22,000,000 of gold in the hands of the Bank of Canada; that is, of the gold received from the banks, at $20.67, and the profit on that inures to the credit of the consolidated fund of the country. It amounts, as will be observed, to a fairly substantial sum of money at $35 an ounce instead of $20.67.

Mr. EULER: Might I ask a question? I take it from what the Prime Minister has said that the forty per cent rate was arrived at more or less arbitrarily, or was there any basis or any principle upon which they proceeded to fix that rate? While I am on my feet I might also suggest that in my judgment as between the various banks there would be a difference in the proportion of gold they had for foreign commitments. Were any representations made by the banks that some should get more or less than forty per cent, or why was the flat rate fixed?

Mr. BENNETT: It will be observed that some of the banks had very small sums of gold, but the banks contended that there was a liability that could be settled only in terms of gold because of dealings with countries still on a gold standard, bills of exchange and settlements of obligations which they had incurred. Those are the smaller ones. In the case of the larger banks, holding large amounts of gold, they presented elaborate claims based upon particular dealings over long terms of years and the necessity for being able to deal with a transaction on a gold basis. I cannot say that the banks were satisfied, but ultimately the minister concluded, after the most careful investigation, that forty per cent was all that he could possibly allow for the purpose of meeting foreign obligations, and he applied that principle to all the gold held, which as I say was a large amount in the case of three of the banks and a smaller sum in the case of one bank, of the others one had as little as $10,000, just the accumulation which goes on over a period of years. I suppose it is true to say that it was an arbitrary exercise of power based upon all the information that it was possible to obtain under the circumstances.

[Mr. Bennett.]

Mr. EULER: My thought was that there must be a considerable variation between the various banks as to their foreign commitments, but the forty per cent was a flat rate.

Mr. BENNETT: With the exception of the two instances I have mentioned there was no variation, because each had a volume of business commensurate with its size and the magnitude of its holdings. Of the others one held $10,000, another $200,000, another $40,000 and still another $400,000, and it was not thought desirable to endeavour to differentiate between them. The minister concluded that a flat rate of forty per cent was reasonable.

Mr. MACKENZIE (Vancouver): Did I understand from the Prime Minister that a profit of $15,000,000 in round numbers was not transferred to the banks or not to be transferred, but was just to stand as a credit entry?

Mr. BENNETT: I think the hon. member misunderstood me. I say that the revaluation on the new basis will be a bookkeeping entry in the books of the Bank of Canada by crediting the banks with this credit which they will receive in the basis of valuation as fixed by the terms of the bill.

Mr. MACKENZIE (Vancouver): It has not happened yet?

Mr. BENNETT: No, it cannot, until this bill passes.

Mr. IRVINE: What check will the government or the central bank have on the forty per cent gold to see that it will be used for the purposes for which the government has permitted its retention for foreign commitments?

Mr. BENNETT: It is absolutely impossible for the Bank of Canada, or any other body, to exercise that control. They must in their own interests take such steps as may be necessary to protect themselves against their foreign commitments. For instance, for the banks which have substantial business dealings on the continent of Europe, with some of the old gold countries—and there are not many left now—but with France, with the Netherlands, in connection with sugar importations and sales, and in connection with the Dutch East Indies, the matter becomes important. In connection with Switzerland, and the little business we have with that country, owing

to great differences and fluctuations in currency, it becomes important. I suppose it is known that last year those who had to go to Geneva found it necessary to pay an exchange rate of practically sixty per cent. That is, there was a sixty per cent exchange rate in dealing with the Swiss gold franc.

Mr. EULER: Would the Prime Minister give me an answer to my original question? What is the amount made available for the purposes of the bill? That is, we will get the profit by revaluation from $20.67 an ounce to $35 an ounce on the sixty per cent of the gold handed over by the banks, plus the full profit by way of revaluation on the gold handed over by the receiver general. What is the total amount?

Mr. BENNETT: We had $106,936,427.29 in gold coin and bullion on June 5.

Mr. EULER: Including the bank's gold?

Mr. BENNETT: Yes. But we take away from that $15,226,151 leaving a total of a little over $91,000,000. We provide for the current sale, and I suppose it is fair to say it is probably not less than seventy per cent. Seventy per cent of $91,000,000 is nearly $64,000,000.

Mr. EULER: That is the net amount?

Mr. BENNETT: Yes.

Mr. COOTE: I believe it quite proper for the government to take steps to protect the external value of the Canadian monetary unit, but the important point for us to consider at this time is the policy to be followed by the minister in administering this fund. That is, at what level is it considered desirable to hold the value of Canadian currency as expressed in terms of other currencies? I speak particularly of the American dollar and the British pound. It seems to me that during the past few years our currency has been at too high a level in other countries, so far as our exporters are concerned, and Canada's basic industries are to a great extent dependent, so far as their price levels are concerned, upon the price which they receive for their sales in foreign countries, and the value at which they can translate foreign funds into Canadian currency. Undoubtedly we have suffered in our attempt to compete with many other exporting nations of the world. To-night we heard considerable discussion as to why it was so difficult for Canadian and even English textile companies to compete with those of Japan. I noticed that no person mentioned that which I believe to be the most important factor, namely that Japanese currency to-day is depreciated in terms of Canadian currency by approximately seventy per cent. I think that is the greatest factor in favour of Japanese exporters.

Then, to come to the industry in which I am most interested, agriculture, our chief competitors might be said to be the Argentine, Australia, New Zealand and Denmark. In each of these countries we find that, compared with that of Canada, their currencies are depreciated to very marked degrees. In Denmark the currency has depreciated 22 per cent as compared with the value of our money; in New Zealand the figure is 23 per cent, and in Australia 24 per cent. The official rate for the Argentine is given as 24 per cent, but the unofficial rate is approximately 60 per cent. What is needed in Canada to-day is higher commodity price levels, and the easiest way to do it would be deliberately to depreciate our currency. We must do it frankly and honestly, as has been done by the other countries I have named. In Denmark, Australia, New Zealand and the Argentine the step was taken as a matter of governmental policy, and now that the Canadian government is setting up an exchange fund to be administered by the minister it seems to me we are taking a very positive step towards making the level at which our currency is held in foreign countries a matter of government policy. I am not suggesting that we engage wtih any other countries in a race for currency depreciation, but we do require this depreciation to restore our price levels. There is a great deal of opinion expressed in financial papers in favour of stabilizing exchange rates of various countries. So far as I am personally concerned I do not believe that we can afford to stabilize our price structure at present levels. That would mean disaster for those engaged in most of our primary industries. It would mean that for many years to come they must carry an almost intolerable burden of debt. But with a currency depreciated to the level of most of our competitors our price level would be placed nearer where it really ought to be. I am sure even that would hardly restore the price levels of 1926. Some of the outstanding if not some of the best economists have said repeatedly in the last few years that a rise in the price levels to the point at which they stood in 1926 is absolutely necessary if we are to be able to continue to carry the present debt structure. We all realize the devastating effect of attempting to deal with debts in any other way. I think myself that that is the proper way to deal with them.

I should like to make it clear again that I am not opposing this bill, nor am I even criticizing it. I think the important point to be considered at this time is the policy of the minister who will be in charge of this fund. I hope it will not be used to stabilize price levels at where they are to-day and I hope it will not be used to keep our currency at its present high level if there are other factors which would operate to bring it down. I realize that this is a matter for debate and I have debated it in this house and have put my point of view before hon. members. I shall not repeat my views to-night at any length but I think it is realized by the majority of hon. members that there should be a rise in commodity price levels if we are going to compete with other exporting countries. Take the case of Brazil; their currency is depreciated forty-four per cent as compared with ours. Not long ago I was talking to a bank manager who had just returned from Brazil and he gave as one of his personal reasons why there had been no unemployment or distress in Brazil the fact that depreciation had taken place in their currency and they had maintained much higher price levels than otherwise would have been possible.

Mr. BENNETT: I take it the hon. gentleman knows the real reason.

Mr. COOTE: I suppose the Prime Minister is referring to the measures which they took to protect the price of coffee.

Mr. BENNETT: I refer to the fact that they have not paid the interest on their debt.

Mr. COOTE: No doubt that would be a big help. I shall not labour this point any further as I am sure the Prime Minister and the house realize the importance of this question. I have no objection to this bill. I suggest to the Prime Minister that he should amend the Currency Act to value gold at more than $35 per ounce and thus bring about a depreciation in our currency to at least the level of Australia, New Zealand and Denmark.

Mr. BENNETT: What is the value of the Australian pound in London?

Mr. COOTE: In Montreal it is given at $3.94 on June 15 and the British pound is given as $4.93. If we were on the same basis as Australia, so far as the value of the pound is concerned, it would give to agriculture that increase in prices which is so badly needed. I do not think there is anything which would do as much to bring back prosperity in Canada as the increase which could be secured in the price level for agriculture by a deliberate depreciation of our currency. I do not need to go into the method by which this can be done as I think the house, and particularly the Prime Minister, is well aware of what should be done. I approve of having the administration of this fund in the hands of a minister rather than under the control of the central bank, but I should like to urge the government seriously to consider a policy of depreciating our currency to the value of Australian currency.

Mr. SPENCER: I understood the Prime Minister to say that the larger banks of Canada had similar foreign obligations when the gold was taken from them to be deposited with the central bank. However, the figures he gave showed that of the larger banks two had $13,000,000 in gold, one had $6,000,000 and the other only $2,000,000. If their foreign obligations were similar why was there so much variation in the amount of gold on hand? Secondly, I should like to know if the forty per cent allowed the banks to permit them to meet their foreign obligations was in proportion to the gold which they had on hand to take care of their foreign obligations?

Mr. BENNETT: I tried to make it clear that the forty per cent was forty per cent of the gold transferred. In the case of the Bank of Montreal it was 40 per cent of $13,043,509 or $5,217,403. In the case of the Bank of Nova Scotia it was 40 per cent of $6,546,338, or $2,618,535. As to the variations in the amounts of gold held in Canada, it is only necessary to say that some of the banks with branches abroad held gold abroad to take care of the sudden fluctuations and our arm reached only to the gold in Canada.

In connection with the point raised by the hon. member for Macleod (Mr. Coote) as to our dollar being valued too high, I think it is only necessary to say that in terms of gold our dollar is worth only about sixty cents, if my memory serves me aright, and I am subject to correction. Does the hon. gentlemer know the figure?

Mr. COOTE: I imagine that is about right.

Mr. BENNETT: To undertake deliberately to depreciate our dollar, having regard to our position with the United States on the one hand and with Great Britain on the other, is something that this government has declined to undertake so far. We are surrounded by very difficult conditions. We have to pay about £12,000,000 annually in Great Britain as interest upon our obligations, and I cannot undertake to say what we have to

pay in the United States, but it is a much greater sum than that. These sums vary according to the renewals which may be made, but payment has to be made just the same.

Mr. COOTE: Is the Prime Minister referring to government obligations or the total obligations of Canadians?

Mr. BENNETT: I am referring to the total. It is £12,000,000 in Great Britain and a much greater sum in the United States. We were strongly urged—the hon. gentleman urged us himself—in this house to tie up our dollar to the pound. Having regard to what has since happened, had we done that it would have been rather unfortunate—not rather but very. There is some difference in the situation, as the figure just quoted indicates, but we must continue to remember that we are on the North American continent and have these obligations to the country to the south of us as well as obligations in sterling. The question of tying our dollar to the sterling group was brought up during the discussions on the empire agreements but subsequent events have shown that such action would have been disastrous to the country. I quite appreciate the point the hon. gentleman has made with respect to the depreciated currency in the Argentine, but it will be within his knowledge that so far as we are concerned the real difficulty in connection with the Argentine arises from the fact that they have not only a grain board but an exchange board and the two are operated together sometimes to the detriment of this country when it has been receiving payments for pulp or paper sold to that republic. There is a very considerable boom on in Brazil at the present time but it must be remembered that that country has not paid the interest on its external debt for I forget how many years. If you will relieve this country of the payment of the interest on its debt I should think that there would probably be a very considerable boom. Thus far we have conducted our affairs upon the theory that we would honourably endeavour to discharge our obligations to the best of our ability. If we ceased to be able to do so it would not be from choice but from necessity. It is on that theory that we have conducted our business during the last few years. I would not undertake to express any opinion as to how the fund might be administered, because the governing section comes into force on proclamation, and one never knows the fortunes of war. The hon. gentleman himself might be Minister of Finance and would have to deal with that problem; and when he had to deal with it he would find, I am sure, that there is a great difference between the practical realities of life and what I might call theorizing in the House of Commons.

Mr. COOTE: With reference to the remark of the Prime Minister, that suggestions were made from this corner that the Canadian currency should be tied to the pound, I may say that in any statement I ever made in the House of Commons I was careful not to use those words. As a matter of fact, a friend of mine who lives in the metropolis of Canada urged me to advocate that very thing, to make the pound legal tender at $4.87. I stated to him at that time that that was much too low a level because this country must have a pound worth more than that unless a change took place in the pound sterling itself. When the imperial conference agreement was under discussion I used on that occasion this language: I said that our currency should be brought to such a level as would make the pound worth $4.87 here. That would have been a distinct advantage to us at that time. I have not the exact words I used but that is as I remember. I am sure I never used the expression "tying our currency to the pound."

There is one other point which the Prime Minister made to which I would refer, and that is the payment of foreign debt. The Prime Minister will agree that so far as actually paying off any of this debt is concerned, we can pay only by the export of goods, commodities and services—and in commodities I include gold. Of course, it may be easier for us to renew these obligations if we keep our currency at a certain level, at par with the United States.

Mr. BENNETT: It has been; that is a fair way to put it.

Mr. COOTE: I notice, however, that Australia was able to pay all her foreign obligations. I remember seeing a statement not long ago to the effect that in every case the Australian government's foreign obligations had been met in the terms in which they were expressed, and Australia has been able to borrow money in Britain at as good a rate as Canada. It is a fair subject for debate, but in my humble opinion Australia has followed the course that made it easier for her primary producers to carry on and meet their obligations than it has been for their Canadian competitors. I believe that Canada depends on the agricultural industry more than on anything else, and the financial policy which keeps our price level at a lower level than most of our competitors does make it very difficult for us to carry on.

Our price level has been pitifully low compared to what it was when our producers contracted their obligations. The prices of our products have fallen lower than the prices of the things we buy. I do not know of any other industry that has taken the same fall in the price level as agriculture has, and the thing for us to have done was to follow the method of our competitors, the Argentine, New Zealand, Australia and Denmark. They felt that they were forced to take this step, and I think we should be well advised to consider doing it even at this late date.

Section agreed to.

On Section 3—Valuation of gold held by Bank of Canada.

Mr. REID: I have an amendment to move to section 3 and I shall have another amendment in connection with a subsequent section. I realize that even if these two amendments were adopted they would not go as far as I should like in regard to the valuation or the use of silver. I am not unmindful of the fact that in Bill 101 I cannot go as far as I should like to go in advocating the adoption of silver. The amendment to section 3 is this:

> Notwithstanding the provisions of section 29 of the Bank of Canada Act, all gold and silver held as reserve by the Bank of Canada shall be valued by the bank at current market prices.

The only change there is the adoption of the two words "and silver." According to my interpretation of the Bank of Canada act there is no provision in it for the valuation of silver at the market price. When the silver was being turned over by the government to the bank there were three specific clauses dealing with it. The first one, clause (b) of section 25, comes under the heading, "redemption of notes." This refers to silver held by the minister for the redemption of dominion notes valued at the market price of the fine silver content. That was transferring silver to the bank at the market price, and I understand that has been done. But there was no silver held by the dominion for the redemption of notes. Why that was put in the act I do not know; at any rate that is the information given me by the department, because I inquired. The deputy minister states that no silver was held for the redemption of notes, and I am not quite sure why the act was so drawn up. If you proceed further in the Bank of Canada Act you will find in subsection 4 of the same section the use of the word "never." I think that is a very strong word to put in any act. No country stands to gain more than Canada by the adoption of silver. Canada is the third largest producer of that precious metal in the world, and yet we as a parliament passed last year an act declaring to the Bank of Canada, "You will purchase the amount required, under the London agreement entered into last year, namely, 1,671,802 fine ounces each year for three years, but never any more in any one year." That is a mandatory clause; it says to the bank that no matter what may happen with regard to silver, whether other countries adopt it or not, the Bank of Canada shall never purchase in any year any more than the amount required by the agreement we entered into in 1934.

Mr. BENNETT: That is only for those years.

Mr. REID: That is quite correct, but we see at this very moment what is taking place throughout the world in connection with silver. By to-night's newspapers I see that Italy has taken steps to nationalize the metal, and according to the reports I have several countries are now using silver as coverage for their currency. I am speaking now of some of the leading countries, not some of the smaller countries, but such countries as the United States, Germany, France, Colombia, Cuba, Mexico, Peru, Roumania, and Italy, which has now taken steps to nationalize the metal. We now value gold at $35 an ounce in consequence of the action of the United States. But it may interest the committee to know what the United States is doing now with silver. So far as I can see, the action which she is taking in regard to silver will have the effect of raising the value of silver. The Silver Purchase Act of 1934 in the United States authorizes an increase of twenty-five per cent silver to that of gold in monetary stocks. The gold stock of the United States is valued at the present time at $8,230,000,000. The total silver requirements of the United States is 1,433,000,000 ounces. The United States has on hand at the present time, according to the latest figures I can obtain, 400,000,000 ounces of silver, so she has yet to buy over 1,000,000,000 ounces. When one realizes that more than 1,000,000,000 ounces is equal to over five years of the total world production of silver, the average being about 260,000,000 ounces a year, and that the United States has embarked on a policy not only of holding practically all the gold but going out into the world and purchasing all the silver she can, setting a price in that country at $1.29 an ounce, in my opinion the effect will be that silver will

also rise in price. Therefore, I believe this country would be doing well to take and should, I believe, take steps to take over the mine production of this country and to stop any further export of silver by way of either bullion or currency. We must eventually come to that. Nations are in a scramble just now to get proper coverage for their currencies; they cannot obtain gold, and have turned back to the use of the first precious metal, silver, which was used for currencies, and which has been used for ages.

It might interest the house also regarding the issue of the new Canadian silver dollar to know even today in Canada and in Vancouver particularly, it is at a premium of twenty-five cents. They are offering $1.25 just now for the new Canadian dollar; although there has been a third issue of $100,000, they have not yet reached the pockets of the people. Most of the issues have been taken up as souvenirs. When one realizes that out of every $100,000 issued, the government make a profit of $70,000, one cannot understand why they did not take the whole production of our mines and issue it as coinage or as coverage. The people are hungry for silver money and cannot get it. Of course I know the people are to-day hungry for any kind of money if they could get it, but here is the government making a profit of $70,000 on each issue of $100,000 and yet we are just putting this out in little driblets.

Mr. BENNETT: Just as fast as the machines are making it.

Mr. REID: I hope they keep on as fast for many years. In connection with the new Canadian bill, I might point out that it costs about four cents to issue, and I would draw the attention of the Prime Minister to how fast the colours in the new bills are fading. Whoever did the printing on the dollar bill in my opinion did a very poor job; it means that in ten years it will cost the Canadian people about fifty cents for the issue of every paper dollar, whereas if the government issued silver dollars, these would last for practically all time. I maintain however that now is the time for the government to take the necessary steps and before silver goes up, because with the demand made for it by all countries, including the policy laid down by the United States, silver cannot do other than reach a higher market value.

My amendment—and I am not going to discuss it at very great length—provides that silver as well as gold be valued at the current price. There is nothing in the Bank of Canada Act or any other act to compel the Bank of Canada to value silver if it goes up. As I have said, the only thing it did was to provide that when silver was transferred, it had to be transferred to the Bank of Canada at the then prevailing market price. We are looking these days for employment for our citizens. I believe if we went out after this precious metal silver, we would find employment for many thousands of our people, and we would not be as we are with wheat, wondering where we are going to find a market, because the countries of the world are just hungry for this precious metal and there will be no overproduction of it for many years to come. The annual production has dropped during the past few years. In this country at one time we produced 26,000,000 ounces, which dropped to some 16,000,000 ounces last year, of which amount I might point out that British Columbia produced about fifty per cent.

We speak sometimes about the sanctity of contracts, but I cannot help thinking what would have happened had the United States Supreme Court kept to the sanctity of the gold clause. I am afraid we in Canada would not have been as well pleased or as well off to-day because we have saved many millions of dollars by the fact that they said that although the bonds carried that gold clause it was not mandatory to pay it. If Great Britain had been asked to pay her complete war debts according to the sanctity of contract, I am afraid she would have been extremely hard pressed to pay.

I am going to ask the government to consider seriously the suggestions I have made. I know the arguments I am using go beyond the scope of the amendments I have offered, but the present bill limits me to amendments I can offer with any assurance of their being adopted.

Mr. BENNETT: Perhaps the hon. gentleman has overlooked the provisions of paragraph (a) of subsection 2 of section 26:

> 1. The bank shall always maintain a reserve, as hereinafter provided, as security against its outstanding notes and deposit liabilities.
>
> 2. The reserve required by this section to be maintained shall consist of gold coin and bullion in the unrestricted ownership of the bank equal to an amount not less than twenty-five per centum of the notes and deposit liabilities aforesaid; and may in addition include—
>
> (a) silver bullion received from the minister under the next preceding section or purchased under the authority of subsection four hereof, valued at the market price of the fine silver content thereof.

So that the value for the purposes of the reserve statement issued by the bank is the

current market price. That refers of course to the fact that the bank is allowed to purchase only in 1935, 1936 and 1937 newly mined Canadian silver to the extent of 1,671,802 fine ounces in the year and shall not, during that period only, and not forever, purchase more.

Mr. REID: That is quite true; the right hon. gentleman has quoted the act, but is it not a fact that in the purchase of this, the bank will have to pay the market price? Why not purchase all the silver at one time? We are going to make purchases for the next three years. The act says in subsection 4:

The bank shall never be required to purchase more than 1,671,802 ounces in any one year.

But they purchase it at the market price. When the first 1,671,802 ounces was purchased it was valued, I believe, at the market price of some forty cents.

Mr. BENNETT: A little higher.

Mr. REID: It is going up now so that we stand to lose by our delay.

As regards the silver bullion received from the minister under the next preceding section, that is the silver to be turned over to the bank and held for the coverage of dominion notes, as I pointed out, we have no silver for the purchase or redemption or coverage of dominion notes.

Mr. BENNETT: Yes, we have.

Mr. REID: There is silver by way of currency throughout the country.

Mr. BENNETT: Silver bullion.

Mr. REID: We hold no bullion for reserves.

Mr. BENNETT: The statute says that we do.

Mr. REID: Where is it?

Mr. MACKENZIE (Vancouver): It says "may include."

Mr. BENNETT: As a matter of fact that was specially added to the statute in view of what took place at the conference in 1933. Section 26 permits in addition to the holding of twenty-five per cent of the notes in gold—

May in addition include—
(a) silver bullion received from the minister under the next preceding section.

Some of the silver bullion transferred to the Bank of Canada cost this country, if my memory serves me aright, in the case of a few ounces as high as $1.50 an ounce many years ago.

Mr. REID: Still, I maintain that the amendment which I have offered is to value silver at the market price, to the advantage of the government. I claim that under the Bank of Canada Act there is no provision whereby the bank is compelled to value the silver at the then current price.

Mr. BENNETT: But there is.

The CHAIRMAN: Shall the amendment carry?

Mr. BENNETT: No, it is already covered by the statute.

Amendment negatived on division.

Section agreed to.

On section 4—Profit to be credited to minister.

Mr. REID: I have an amendment to offer; I suppose it will meet the same fate as the other I submitted. I see that the attitude of the government is not in favour of any silver policy. I move that the words "and silver" be inserted after the word "gold" in lines 19 and 21. The section will then read:

(1) Any profit resulting from the valuation of the gold and silver in accordance with the provisions of section 3 of this act, being the difference between the value of such gold and silver held by the bank on the date of the coming into force of this act as computed on the basis established by the currency act and its value at current market price, shall be credited by the bank to a special account in the name of the minister:

Surely the Prime Minister cannot take any exception to this, because I am really providing some further value for the government, for silver as well as for gold.

Mr. BENNETT: We have already covered it by the Bank of Canada Act. In the reserve which the bank showed in its statement of June 5, silver bullion appeared at $1,230,279.09, and the statute says that it is to value that silver bullion at the current market price of the fine silver content thereof. That is subsection 2, clause (a), section 26. That is exclusive of subsidiary coin consisting of twenty-five cent pieces and other pieces of money that the Bank of Canada has.

Mr. REID: Subsection (a) reads:

silver bullion received from the minister under the next preceding section or purchased under the authority of subsection (4) hereof, valued at the market price of the fine silver content thereof;

There will be very little silver received from the minister if the government does not go out and buy it.

Mr. BENNETT: But there was a substantial sum of bullion—I do not carry the figures in my head—some of which cost $1.50 an ounce.

Amendment negatived on division.

Section agreed to.

Section 5 agreed to.

On section 6—Control of exchange.

Mr. YOUNG: Will the Prime Minister now explain how this fund is expected to work?

Mr. BENNETT: The fund is under the direction of the Minister of Finance. The reason it is under his direction is that under the Bank Act it was to go into the consolidated fund. Now it is to be maintained for a special purpose. It is still under his administrative control, for reasons that are obvious. Ultimately it should find its way to the purpose for which it was appropriated, as indicated by the hon. member for North Waterloo (Mr. Euler). The fund is set up for the purpose of endeavouring to control the external value of the Canadian monetary unit or of checking undue fluctuations in its exchange value, and the minister may directly or through such agencies as he may designate cause any balances in the special account to be invested—a limitation as to the form of investment—in:

(a) gold;
(b) foreign exchange as defined in section 26, subsection two (b) of the Bank of Canada Act;

That means countries on the gold standard; and Great Britain as well:

(c) balances with any bank in London or New York designated by the Minister of Finance.
(2) gold or other investments purchased under the provisions of the preceding subsection may be resold on instructions from the minister.
(3) This section shall not come into force until a date to be fixed by proclamation of the governor in council,

Under these circumstances I do not think any explanation is required as to how it is to operate. The limitation as to the form in which it is to be invested is made by the section itself. The amendment offered by the hon. member for Macleod was that the following words be added to the proposed resolution: "subject also to the establishment of parity of the Canadian dollar with the British pound." So that if he had had that done as he then asked, and for which the hon. member for Weyburn voted, the conditions would not have been exactly to the benefit of Canada during the intervening period.

Mr. YOUNG: I do not think I ever advocated anything of that nature. But coming back to the operation of this fund, I understand that Great Britain has maintained an enormous fund for this purpose, and so has the United States and other countries. So far as I can learn, the operation of these funds is shrouded in mystery; no one knows what has been done. That is why I asked the government what they proposed to do in the matter. Apparently if they know they are not prepared to tell. How is the sum arrived at? This $64,000,000 is the profit on a certain transaction.

Mr. MACKENZIE (Vancouver): Read section 10; there is the answer.

Mr. YOUNG: Now we find that the British fund is £350,000,000, and the American fund some $2,000,000,000. The American fund for this purpose is about thirty-one times as large as ours, the British fund about twenty-seven times. In view of the fact that as the Prime Minister says, we are a debtor country, it would appear to me that it would take a relatively larger amount to establish a Canadian fund than that required either in the United States or in Great Britain. However, on the basis of population we are establishing a much smaller fund. The hon. member for Vancouver Centre (Mr. Mackenzie) spoke of sitting in at a poker game with only one chip while our competitors have a greater number. It would appear to me that if we are to set up such a fund for the purpose of stabilizing our currency, and the currency begins to fluctuate violently, we should have some idea before we start how much money we are going to require to play that game. It should be based not on the amount of profit we made on a certain transaction but how much we are going to need to carry the thing through. Does the Prime Minister not agree with me?

Mr. BENNETT: I should be only too delighted to agree with my hon. friend about anything. But I point out that this section does not come into force except by proclamation, and if all his provisos are true he may have the responsibility of carrying out the operation.

Mr. YOUNG: The hon. member for Macleod was to have it a few minutes ago.

Mr. BENNETT: Well, the honours may be divided. Undoubtedly what he says has a great deal of force. It is a small sum. But Mr. Chamberlain in Great Britain said the other day that he had not used any such sum as he was authorized to use; he had used it only "to iron out the wrinkles," I think were

his words, in connection with exchange transactions. This, as I tried to point out—I said it very poorly at the threshold of my observations—is to endeavour to place Canada in a position in which at a time of great difficulty we might have some fund that would be available for that purpose on proclamation. That is all. I cannot tell anything further as to the circumstances under which it might become necessary to use it. It is true its operations are shrouded in some secrecy; that was necessary in Great Britain, in the United States and in other countries. The very foundation of its use is that there should be no public knowledge, because its value would then become problematical. You know the circumstances under which the Bank of England was compelled to go off the gold standard. People sold securities in London and then went around with their cheques and got Bank of England notes and presented the notes and demanded gold for them. Of course there came a time when there was no more gold. That was the combination worked on that particular occasion. This is a fund to take care of extraordinary conditions to the extent that we may be able, and it will be done only if the governor in council is of the opinion that circumstances warrant its being done.

Mr. YOUNG: If, as Mr. Chamberlain said, the fund in Great Britain has been used only to iron out the wrinkles, I believe other prominent men over there have stated that they were not able to use the fund to fix the pound at any given level, but only to make the ups and downs less violent. I do not see how this fund is going to overcome our difficulties. According to that theory we cannot fix our dollar at any given value.

Mr. SPENCER: I take it for granted that this bill will give the government power to increase that fund to any extent that may be desired if it is in the interests of the country to do so?

Mr. BENNETT: No, this bill does not go that far. This bill only goes to the extent of enabling a specific fund, namely, the profits from the revaluation of gold at $35 or the current market price as against $20.67, to be earmarked as a fund available on proclamation for the purposes indicated by the bill. No such powers as those suggested by my hon. friend are sought at this time, strange as it may seem.

Mr. SPENCER: I take it for granted that this small amount, as some members think it is, is only one chip in the poker game, and if at some future time the country needs more chips, certainly ways and means can be found of getting them.

Mr. MACKENZIE (Vancouver): Would this amount increase under section 5 if world market prices should increase?

Mr. BENNETT: Yes.

Mr. POULIOT: This follows the complete failure of the London conference of 1933. In a broadcast from London to Canada and the United States prior to that conference the Prime Minister said that unless the nations of the world came to an understanding with regard to the stabilization of currency the conference would be a failure. That was one of the four reasons for which the conference would have to succeed, and after the conference was over the right hon. gentleman said that he hoped the conference would meet some time later. At the time he said the conference had met too soon, that they were not ready for it. That was the famous world conference that the right hon. gentleman saved and which died a natural death three days later. It was a great success. It was just as great a success as the London conference of 1930 and the Ottawa agreements of 1932. Now we are told that it is the opinion of the governor in council that stabilization should be carried out by this government. The stabilization they should carry out is to give the Prime Minister a chance to remove himself from the picture. For years we have had fiasco after fiasco, but the government come here and tell us a lot about the success of this and that, and in a very serious way they speak of the stabilization of this and that, of sound money and of the attitude of the people. The right hon. gentleman said we should not look to the past, that we should look to the future. That was two years ago, but those two years have not been very successful. If the government want to continue their successful ways, let them drop out of the picture, and then public confidence will be restored for good.

Section agreed to.

On section 7—Surplus funds how dealt with.

Mr. MACKENZIE (Vancouver): May I ask the Prime Minister if this is purely in the discretion of the minister in charge? Does he direct the bank in regard to these securities, or has the bank a discretion in reference to them?

Mr. BENNETT: As the section stands this is a departure from the preceding section to

the extent that the minister may direct that a certain portion of the money be invested in Canadian securities.

Mr. MACKENZIE (Vancouver): Still the control rests with the minister.

Mr. BENNETT: Yes.

Section agreed to.

On section 8—Winding up of account.

Mr. RALSTON: I wanted to ask the Prime Minister if it is intended, when the special account is wound up, that it shall go to the consolidated revenue fund. I wondered if there was any doubt as to the actual ownership of the fund. The special account is in the name of the minister for the special purpose for which it is constituted, but when it is wound up where does the profit go?

Mr. BENNETT: It was intended that it should go to the consolidated fund, as the hon. gentleman said. That is, if it should be wound up it should seek its original lodging place, namely the consolidated fund, to reduce pro tanto the debt of the country.

Mr. RALSTON: The original lodging place would be the profit of the bank.

Mr. BENNETT: No, the consolidated fund. If I remember correctly the profit was to go to the consolidated fund, not to the banks.

Section agreed to.

Sections 9 to 11 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Mr. BENNETT: By consent I would move the third reading now, so that the bill may go to the senate. That can be done only by consent.

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

On motion of Mr. Bennett the house adjourned at 10.50 p.m.

Tuesday, June 18, 1935

The house met at three o'clock.

UNEMPLOYED CLASSIFICATION

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I have the honour to present a petition of Jean-François Pouliot, M.P., praying that the House of Commons may give due consideration to the attached report, of 138 pages, on the classification of one half of the unemployed on relief in this country.

PRINTING OF PARLIAMENT

Mr. W. CHESTER S. McLURE (Queens) moved:

That the first report of the joint committee on the printing of parliament, presented to the house on Friday, June 14, be now concurred in.

Motion agreed to.

CIVIL SERVICE GRADE FOUR

On the orders of the day:

Hon. C. H. CAHAN (Secretary of State): On the orders of the day I wish to reply to an inquiry made yesterday by the hon. member for Southeast Grey (Miss Macphail). I am instructed that in connection with the examination now being held by the civil service commission for clerks, grade 4, with university graduation, there appears to be a certain amount of misunderstanding. This is not a new class but one which has been in existence for several years, and positions in the class in general are not limited to university graduates nor to members of the male sex. The positions for which the current examination is being held, however, are suitable for men only, and on that account this particular examination was limited to male candidates, the commission feeling that it would be unfair to invite applications from female candidates when no positions were at present available for them. For positions in which female appointees will be suitable, however, the examinations will be open to them.

MAJOR GENERAL ASHTON

Hon. GROTE STIRLING (Minister of National Defence): Yesterday, in replying to a question of the hon. member for South Perth (Mr. Sanderson), I stated that the salary which the chief of the general staff was to receive was $7,500. What I should have said was $8,000.

DOMINION FRANCHISE ACT

EVIDENCE IN APPEAL TO JUDGE FROM RULING OF REGISTRAR OF ELECTORS

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 109, to amend the Dominion Franchise Act.

Mr. MACKENZIE KING: Last night I asked my right hon. friend about the order of the day and he specifically said that we would not take the Dominion Elections Act.

Mr. BENNETT: This is not the Dominion Elections Act.

Mr. LAPOINTE: This bill was introduced yesterday and has been distributed to-day. I think we have the right to read the Dominion Franchise Act as it is and consider the purpose and the effect of this amendment. To move the second reading of this bill the day after its introduction would seem to be rather too much urgency.

Mr. CAHAN: Perhaps after I have explained the bill the hon. gentleman will have clear information regarding it and then, if it is necessary to consider it further, he will have full opportunity in committee of the whole house to discuss it at a later date.

Section 3 of the Dominion Franchise Act, which is the interpretation provision, defines the following terms:

"Commissioner" means the dominion franchise commissioner, who is appointed commissioner by resolution of the House of Commons under section 5 of the act;

"Registrar of Electors" means an officer appointed by the commissioner for each electoral district, pursuant to section 11 of the act:

"Electoral District" means any place or territorial area for which a member or members may be returned to serve in the House of Commons of Canada;

"Polling Division" means any division, subdivision, district, subdistrict or other territorial area within which a poll is held.

The commissioner was appointed by a resolution of the House of Commons. The registrars are appointed by the commissioner and the commissioner and registrars are responsible to the House of Commons and are really in effect officers of the House of Commons and entitled to the protection of this house. Section 7 of the act provides that:

7. (1) The commissioner shall—

(a) exercise general direction, supervision and control over the administrative conduct of all registrations and revisions of lists of electors for dominion elections;

(b) issue from time to time to franchise officers appointed under this act such instructions as may be deemed to be necessary to or proper for the securing of effective execution of the purposes of this act, and

(c) hold all such franchise officers to fair and impartial performance of their duties and to faithful compliance with the provisions of this act.

The commissioner has issued his instructions to the registrars throughout Canada. The registrar as a franchise officer is subject to the direction, supervision and control of the commissioner, except, as provided in section 32, subsection 5, that in cases of appeals to a judge:

5. The judge shall report in writing to the registrar of electors the result of all such appeals as relate to such registrar's electoral district, and the registrar shall be governed in placing, retaining or removing any name on or from the list of electors by the decision of such judge concerning that name.

Sections 20 and 22 provide that, beginning with the year 1935, the revision of the lists shall begin on the 15th day of May and continue to the first day of July in each year.

Section 25 of the act provides that:

25. Any elector whose name appears on the list of electors for the electoral district of any registrar of electors may, at any time during the month of April in any year, by notice of objection in form No. 26, file with such registrar two copies of a notice in writing setting forth, with grounds, an objection to the retention of any name appearing on the then existing list of electors of any polling division. The notice shall state the actual post office address, if known, of the person against the retention of whose name on the list objection is made and, in any event, it shall state his address as appearing on such list. Objection may be made under this section on the grounds of death, removal, or want of qualification, or on any ground that would disqualify the elector from having his name retained or registered as an elector on any list of electors prepared under this act.

Objections are made in duplicate in form No. 26, and filed with the registrar. Form 26 reads as follows:

Form No. 26. (Sec. 25.)

Notice of Objection to Name on List

Electoral district of.. .. ..

Province of.. .. ..

To the registrar of electors of the above-mentioned electoral district:—

Take notice that I, an elector whose name appears on the list of electors of polling division No..... of the above-mentioned electoral district object to the retention of the name of (state name, and, if known, the actual post office address of the elector concerned) on the list of electors of polling division No.....of that electoral district, on the ground that (state ground). The address of such person as appearing on such list is (state the address) and his occupation as it appears thereon is that of a (state occupation).

Date.. .. ..

(Name of Objector.)

This is to be signed by the objecting elector.

Section 26 of the act provides as follows:

26. (1) Upon the receipt of a notice of objection in form No. 26 the registrar of electors shall forward to the person against whose name objection is made a notice in form No. 27 attaching a copy of the notice of objection, and stating the place and date of the sitting of the court of revision at which the objection will be heard. The notice

shall be sent by registered mail addressed to the person at the address shown on the list on which his name appears; and where the address set forth in the notice of objection filed with the registrar differs from the address shown on the list, the registrar shall also send a copy of the notice, in form No. 26 by registered mail addressed to the person at the address set forth in the notice of objection.

(2) An objection under this section shall not be heard at any sitting of the court of revision which is held within fourteen days after the date of the mailing by the registrar of the notice in form No. 27 in respect of the objection.

Fourteen days must elapse between the mailing to the elector of the registrar's notice in form No. 27, and the hearing of the objection by the registrar sitting as a court of revision.

Section 28 of the act provides that the registrar of electors, sitting as a court of revision for his electoral district, shall revise the lists of electors, and the time is specified in the section which I have read as between May 15 and July 1 of each year.

Paragraph (b) of section 28 provides with respect to the registrar that:

(b) He shall deal with each objection separately upon the merits to be disclosed by examination on oath of the person making the objection, the person against whom the objection is made, and the witnesses present on their respective behalf.

I wish to call attention here to the fact that there is no provision in this franchise act and there has been no provision in any previous franchise act whereby witnesses can be summoned to appear at the court of revision. Paragraph (b) proceeds:

After each objection is dealt with the registrar shall, in his discretion, either strike off the name of the person from the list in which it appears or allow the name to stand. The onus of substantiating sufficient prima facie ground to strike off any name from the list shall be upon the elector making the objection, and it shall not be necessary for any elector against whom objection is made to adduce proof in the first instance that his name properly appears on the list, or until the registrar avers that in his opinion prima facie ground to strike off the name has been established. The absence from a non-attendance at the court of revision at the time of the objection is dealt with of any person against whom objection is made shall not relieve the elector making the objection from substantiating a prima facie case by evidence which, in the absence of rebuttal evidence, is considered by the registrar sufficient to establish the fact that the name of the person objected to improperly appears on the list.

It will be noticed that, at the hearing of the objection, after the fourteen days' notice provided in section 27, subsection 1, the absence or non-attendance at the court of revision, at the time the objection is dealt with, does not relieve the elector making the objection from substantiating a prima facie case by evidence, which, in the absence of rebuttal evidence, is considered by the registrar as sufficient to establish the fact that the name of the person objected to improperly appears on the list.

This paragraph (b) also provides that:

After each objection is dealt with the registrar shall, in his discretion, either strike off the name of the person from the list in which it appears or allow the name to stand,

This statutory discretion is the discretion of the registrar, and not the discretion of any other person.

There can be no doubt as to the meaning of the words prima facie. Murray's New English Dictionary, the Oxford edition, defines prima facie as "at first sight"; "on the face of it"; "as appears at first without investigation"; "based or founded on the first impression."

Cases, to which I desire to draw the attention of the house for a few minutes, have arisen in the constituency of St. Lawrence-St. George, Montreal, which I have had the honour to represent in this house for the past ten years.

During the past twenty-five years the fraudulent impersonation of persons, whose names are on the voters' list, has prevailed to an alarming extent at both federal and provincial elections in this district. On several occasions, before the standing committee on privileges and elections and before this house, I have discussed these matters very frankly.

During the month of February last a group of young men and women determined to ascertain whether the lists of electors, as recently compiled, represented electors actually resident in the various polling divisions of this electoral district, or whether the lists contained, as had been suggested, the names of persons who were disqualified from voting as being aliens, dead or absentees. In all, about seventy investigators undertook to visit each residence or the apartments in each residence in the district to ascertain the facts. A card system for the residents of the entire district was also prepared by which the names on the list could be compared with the ascertained facts. It was ascertained by this careful investigation and scrutiny that between four and five thousand of the names on the list did not represent qualified voters resident in the district, and these names were checked by investigators two or three times before notices of objection were filed.

Prior to April 30 last qualified voters of this electoral district, who had, in each case, personally investigated the facts, prepared and filed with the registrar written objections,

in duplicate, in form No. 26, signed in each case by the objecting voter. The registrar thereupon mailed by registered post, as prescribed by the act, one copy of the objection together with the registrar's notice in form No. 27 in respect to each objection, addressed to the name and residence of the alleged elector, as his name appeared on the list of voters for one of the polling divisions of the electoral district. These envelopes, so addressed and registered, were returned through the post to the registrar, with the exception of less than four hundred, I am informed, with the postman's note thereon, "Removed," "Not known at this address" or the like.

These facts disclosed that there were several thousand names on the lists of voters for these polling divisions in this electoral district, who were not qualified by residence as voters in the district. The retention of these names on the lists would, at the ensuing election, facilitate impersonation and fraudulent voting to an unprecedented extent—and when I say that, it means something, because there are precedents for impersonation in that district that have had no equal in any other constituency in Canada of which I know.

There is no provision in the present act, nor in any previous act, for the issuing of a summons or subpoena to compel the attendance of witnesses. The objector, in each case of the first lot of objections filed, attended before the registrar and on oath proved that he had investigated and made search and found that the person objected to was not resident at the address indicated on the list of voters. In addition, the registrar had the registered mail returned as I have stated, which he had sent out to the elector at his address as shown on the various voters' lists.

To facilitate such investigations upon which the objector had to rely, the present act provides that in urban polling divisions the names shall be entered by streets, roads, avenues, arranged in form No. 13, thus giving the number of the alleged place of residence on each such street, road or avenue in the urban electoral district. When these cases came before the registrar, he had before him the returned envelope sent by registered mail to the alleged voter at his address as it appeared on the list of electors, and he took the evidence on oath of the objecting voter, who previously had personally investigated the facts.

The registrar thereupon in the exercise of his statutory discretion found in a large number of cases that a prima facie case had been made out for the removal of names from the lists, and he thereupon called upon any person who wished to produce rebuttal evidence to do so at a date fixed. In none of these cases was any rebuttal evidence whatever offered. The registrar thereupon proceeded and struck from the list of objections first heard something less than two hundred names. A notice of appeal to the chief justice of the superior court of the Montreal district was thereupon filed by or on behalf of an elector, who in no case was the elector objected to and who admittedly had no personal knowledge of the facts. In one hundred and five of the cases in which such objections were filed and appeals so asserted, which first went on appeal before the chief justice, the objector had failed after exhaustive search in sixteen of the cases to find the new address, if any, of the elector whose name was objected to. But as to what he did, I am going to call attention to a few of the facts.

Mr. Henri Bougearel resided at 1429 Bishop street in the electoral district of St. Lawrence-St. George. His name appears on the list of electors for polling division No. 31. An investigator, who is an elector in this district, made inquiry and by investigation ascertained that this gentleman was not a British subject, and then filed with the registrar an objection in writing, in duplicate, in form 26 against the retention of this name on the list of electors. On April 24 last the registrar, by registered mail, sent a copy of this notice, together with a notice in form 27, signed by himself as Registrar of Electors and Revision Officer, to Mr. Henri Bougearel at the address shown on the list. On April 30 this gentleman replied in a letter to the registrar, acknowledging receipt of this notice and stating that, as a French citizen, he was not entitled to have his name inscribed on the Canadian electoral lists, signing himself as Vice-Consul of France, and requesting that his name be removed from the list. When the case was called by the registrar, the investigator gave evidence accordingly. The registrar then decided that a prima facie case had, in his opinion, been made out, and called for any rebuttal evidence. No evidence in rebuttal being forthcoming, the registrar struck Mr. Bougearel's name from the list.

The chief justice held, on appeal, that there was no legal evidence on which the registrar could exercise discretion, and ordered this gentleman's name entered on the list of electors as a resident of this electoral district.

Take another case. The late Mrs. J. G. Greaves, a lady quite well known in her vicinity, resided during her lifetime at No.

3517 St. Famille Street in this same electoral district of St. Lawrence-St. George. An investigator made an investigation and ascertained from her former neighbours that Mrs. Greaves had died, and then filed his objection in duplicate with the registrar in form 26, one copy of which the registrar sent by registered mail, with his own notice in form 27, to the address of the late Mrs. Greaves as shown on the voter's list for polling division No. 17. The registered letter was received by the late Mrs. Greaves' married daughter, Mrs. Shehyn, who opened the letter addressed to her mother, apparently not knowing the purport of a registered letter arriving in that way. Ascertaining that this was a notice with regard to the possible removal of her mother's name from the list, she wrote to the registrar confirming that her mother was dead. The investigator, not knowing of this letter to the registrar, again visited the neighbourhood and ascertained that Mr. Shehyn, who I believe lived in the vicinity, was a son-in-law of the deceased lady. Thereupon he called personally upon Mr. Shehyn and confirmed the fact of Mrs. Greaves' death.

The chief justice has held that these facts did not constitute a prima facie case upon which the registrar, in the exercise of his discretion, could order the removal of the late Mrs. Greaves' name from the list of voters. In open court, as reported by the court stenographer, the chief justice said:

> I would not take the word of the son-in-law, Mr. Witness. The wish was father to the thought.

The chief justice thereupon declared to counsel:

> You will proceed as you would before the court and prove the death of Mrs. Greaves in the proper manner or not at all.

This chief justice is expert in criminal cases. I suppose if this were a murder case some additional evidence would have to be provided showing the death, such as bringing in the undertaker or something like that.

Mr. POWER: I rise to a point of order. The hon. gentleman has no right to criticize a judge of the superior court of the province of Quebec.

Mr. CAHAN: I am restraining myself very much; I have not and will not cast any reflection upon the chief justice.

Mr. POWER: The hon. gentleman is getting worse and worse.

Mr. SPEAKER: I did not understand the Secretary of State to criticize the judge. He stated that in a criminal case the chief justice might require a little different evidence or a higher class of evidence than he might require in a case of this kind, but the Secretary of State did not criticize the chief justice, as I understand it.

Mr. POWER: May I explain, Mr. Speaker, that the chief justice of the province of Quebec is well and widely known throughout that province as having been one of the best criminal lawyers to practise there. The indirect reference by my hon. friend is to the effect that he imputes to the chief justice a lack of knowledge of any other law than criminal law.

Mr. CAHAN: Nonsense.

Mr. POWER: That is the remark to which I object.

Mr. CAHAN: If there was any such imputation I withdraw it at once, but I am going on to read from the final judgment of the chief justice, as reported and signed by him.

Mr. MERCIER (St. Henri): The chief justice was right, the proof was not sufficient. The certificate of death should have been filed.

Mr. CAHAN: There will be ample opportunity to discuss these points later. In his final ruling the chief justice said :

> Fortunately for the dead persons there is no proof of their death, and so far as the registrar is concerned and the proof made, they are alive.

I will restrain myself as much as possible, but I am not impressed—

Mr. POWER: I again rise to a point of order. At page 96 of Beauchesne I read:

> (j) cast reflections upon the conduct of judges of superior courts unless such conduct is based upon a substantive motion;

I submit, sir, with all respect that the Secretary of State is casting reflections on the conduct of a judge of the superior court of Quebec.

Mr. CAHAN: The facts may cast some reflection, but I am not doing so.

Mr. POWER: I ask for your ruling, Mr. Speaker.

Mr. SPEAKER: I quite agree with the authority that has been quoted but, as I stated a moment ago, I did not understand the Secretary of State to be casting reflections upon the judge. He is stating certain facts and says that he differs with the findings of the judge.

Mr. POWER: As to the conduct of the judge.

Mr. SPEAKER: No, he does not agree with the findings of the judge and he brings in an amendment to the act to overcome a situation which he thinks is contrary to the spirit of the act.

Mr. CAHAN: The names of these dead people were restored to the list by judicial decree, and the result is that opportunities for impersonation and fraud during the ensuing general election are facilitated. Let me refer to one or two other cases. I will make no imputations; the facts speak for themselves. In the case of Miss Madeline Comeau, whose name it appears was misspelled Conceau on the list of electors for poll No. 17, as residing at 110 Prince Arthur street in the electoral district of St. Lawrence-St. George, an investigator ascertained that Miss Comeau had removed from this address to 525 Sherbrooke street east, in another electoral district. Miss Comeau was interviewed at her new address and then, in the presence of the investigator and another witness, she signed a declaration that on the 10th of November last she had removed her residence from the constituency of St. Lawrence-St. George to 525 Sherbrooke street east, which is in another electoral district, where she now resides. The investigator gave evidence on oath before the registrar to that effect and, when the registrar called for rebuttal evidence and none was forthcoming, the registrar declared that a prima facie case had been made for the removal of Miss Comeau's name from the list of electors for poll No. 17, and in the exercise of his statutory discretion the registrar removed Miss Comeau's name from that list. Chief Justice Greenshields, without hearing any other evidence, has ordered Miss Comeau's name restored to the list of electors for poll No. 17, in an electoral district in which according to her own statement she has not resided since November 10 of last year.

Take another case. Mr. and Mrs. James Buttress formerly resided at 130 Prince Arthur street in the electoral district of St. Lawrence-St. George. An investigator ascertained from Mr. E. Buttress, the janitor at 130 Prince Arthur street, who is a brother of Mr. James Buttress, that the latter had removed to 5690 Seventh avenue, Rosemount, in another electoral district. This investigator then sought out both Mr. and Mrs. James Buttress at their new address and each of them signed a declaration in writing, before this investigator and another witness, that they had removed from their former address in the constituency of St. Lawrence-St. George on November 15th of last year and that they were residing at the new address in another constituency. The investigator gave evidence on oath to this effect before the registrar, who called for rebuttal evidence and, none being forthcoming, the registrar declared that a prima facie case for the removal of these two names from the list of voters for poll No. 17 had been made out and then, in the absence of rebuttal evidence, struck these two names from the list for poll 17 in the electoral district of St. Lawrence-St. George. The chief justice, on an appeal being taken by a third party who had no knowledge of these people—an election agent, I suppose—neither called for nor received any rebuttal evidence whatsoever, but ordered the names of Mr. and Mrs. James Buttress restored to the list of electors for poll No. 17, in which they have not resided since November 15 of last year.

Take another case; these are a few samples. Mr. W. Roberts' name is on the list of electors for 3599 Ste. Famille street in polling division No. 17 in the electoral district of St. Lawrence-St. George. An investigator ascertained, upon enquiry at that address, that Mr. Roberts, who is engine foreman in the employ of the Canadian National Railways, had vacated his residence at that address and removed to a new residence at No. 1815 Ste. Catherine street west.

The investigator sought out Mr. Roberts and received from him a declaration in writing that, on December 18 of last year, he had removed from the constituency of St. Lawrence-St. George, first to Ottawa, where he stayed for two months, and thereafter he had taken up his residence at apartment No. 4, 1815 Ste. Catherine street west, where he now resides, in another constituency outside the electoral district of St. Lawrence-St. George. This investigator gave evidence accordingly before the registrar, and the registrar, in the exercise of his statutory discretion, declared that a prima facie case had been made for removal of the name of Mr. Roberts from the list of electors for poll No. 17, in the electoral district of St. Lawrence-St. George. Chief Justice Greenshields, without hearing a scintilla of new evidence in rebuttal, ordered the name of Mr. Roberts restored to the list of electors for poll No. 17 in the electoral district of St. Lawrence-St. George, in which he has not resided since December 18, 1934.

Mr. and Mrs. Gideon Albert Bernard formerly resided at No. 3519 Clark street in the electoral district of St. Lawrence-St. George, and both their names were on the list of electors for poll No. 18 in that electoral district. An investigator personally visited that residence and ascertained from Mrs. Crandall, the landlady, that Mr. and Mrs. Bernard had removed to No. 8588 St. Dominique street in

another electoral district. The investigator proceeded to the new address at 8588 St. Dominique street and obtained from each of these two persons a statement in writing, signed in the presence of the investigator and another witness, that Mr. and Mrs. Bernard had removed on the 20 of February, 1935, from their old address in the electoral district of St. Lawrence-St. George, and that thereafter they have resided at 8588 St. Dominique street in another constituency. The investigator gave evidence on oath before the registrar to this effect, and the registrar, in the exercise of his statutory discretion, declared that a prima facie case had been made out for the removal of their names from the list of electors for poll No. 18 in the electoral district of St. Lawrence-St. George; and, no evidence in rebuttal being forthcoming, the registrar struck the names of Mr. and Mrs. Bernard from the list of electors for poll No. 18. The chief justice, on appeal, without hearing evidence in rebuttal, ordered the names of the two Bernards restored to the voters' list for poll No. 18 in St. Lawrence-St. George.

7. Mr. Armand Dube and Mr. G. W. MacNamara, two friends, formerly resided at 222 Milton street in polling division No. 19 of the electoral district of St. Lawrence-St. George. An investigator visited this address and was informed by the landlady that they had both removed to 3452 Laval avenue, in another electoral district. The investigator sought out these two at their new address and obtained from Mr. MacNamara a declaration in writing, signed in the presence of the investigator and another witness, that he, MacNamara, and his friend, Mr. Dube, had removed to No. 3452 Laval avenue on April 3rd, 1935, and that this new residence is in another constituency, outside the electoral district of St. Lawrence-St. George. The same procedure was followed, and the registrar, after hearing the evidence of the investigator, and no rebuttal evidence being forthcoming, struck these two names from the list of electors for Poll No. 19 in St. Lawrence-St. George. On appeal, without hearing any evidence in rebuttal, Chief Justice Greenshields has ordered the re-entry of these two names on the list of electors for poll No. 19, in the electoral district of St. Lawrence-St. George, in which they have not resided since April 3rd, 1935.

8. Miss M. Menzies formerly resided at 3429 St. Famille street, in polling division No. 19 of the electoral district of St. Lawrence-St. George, which is a branch of the Y.M.C.A. An investigator visited this branch of the Y.M.C.A. and was informed by Miss Robertson, the secretary of this branch, that Miss Menzies, who is a nurse, had removed from that address, and that her residence is now at the Montreal general hospital on Dorchester street east, which is outside the electoral district of St. Lawrence-St. George. The investigator then called upon Miss Menzies, at the Montreal general hospital, and, in his presence and in the presence of another witness, Miss Menzies signed a declaration in writing that on December 1st, 1934, she had removed from the St. Famille branch of the Y.M.C.A. and taken up her residence at the Montreal general hospital, where she now resides, in another constituency outside the electoral district of St. Lawrence-St. George. The same procedure was followed. The investigator gave evidence accordingly before the registrar who struck Miss Menzies' name from the list of voters for poll No. 19 in St. Lawrence-St. George. Without hearing further evidence Chief Justice Greenshields has ordered that Miss Menzies' name be re-entered on the list of electors for poll No. 19, in an electoral district in which she has not resided since December 1st, 1934.

Let us take another case:

Mr. DUPUIS: Are you going to read them all?

Mr. CAHAN: No, but I shall give various illustrations.

Mrs. C. Preston and her son, Austin Preston, formerly resided at No. 1426 Crescent street, in polling division No. 31 of the electoral district of St. Lawrence-St. George. Before moving from this residence, an investigator interviewed Mrs. Preston early in April last, when she stated that she and her son were moving to Portland, Ontario. Later the same investigator ascertained from Mrs. Preston's son, Mr. R. W. Preston, who is in the employ of the Dominion Rubber Company, at Montreal, where he now works, that his mother and brother had removed to Portland, Ontario, and Mr. R. W. Preston, in the presence of the investigator and another witness, signed a declaration in writing to that effect. The same procedure was followed before the registrar.

Mr. RINFRET: Did the chief justice give separate rulings on each of those cases, or did he give only one ruling, involving all of them?

Mr. CAHAN: He gave one ruling, and placed them all back on the lists.

Mr. RINFRET: The minister is leaving the impression that separate decisions were given in each case.

Mr. CAHAN: Well, they were, but given in one writing. Then to continue with the facts of this case: The investigator gave evidence accordingly, and the registrar struck from the list of electors of poll No. 31 the names of those who had removed their residence to Portland, Ontario.

Mr. DUPUIS: We know them all by heart.

Mr. CAHAN: The chief justice, without hearing any evidence whatever, ordered the names of Mrs. Charles Preston and her son, Austin Preston, re-entered on the list of electors for poll No. 31 in the electoral district of St. Lawrence-St. George. In view of the suggestion which has been made, I am refraining from comments.

Mr. and Mrs. Frank Wilson formerly resided at No. 1446 Crescent street, in polling division No. 31 of the electoral district of St. Lawrence-St. George. An investigator visited this residence and ascertained from a Miss Mallinson that Mr. and Mrs. Wilson had removed on November 22, 1934, to another residence at 1866 Dorchester street west, which is outside the electoral district of St. Lawrence-St. George. Thereupon Mr. and Mrs. Wilson were both interviewed by the investigator at their new residence in another electoral district, and each of them signed a declaration in writing, in the presence of the investigator and another witness, that since November 22, 1934, they had resided and now reside at 1866 Dorchester street west, which is in another constituency. The investigator gave evidence on oath accordingly before the registrar, who called for rebuttal evidence, and, none being forthcoming, the registrar struck the names of Mr. and Mrs. Frank Wilson from the list of electors for polling division No. 31. The chief justice in like manner, without hearing further evidence, ordered the names of both Mr. and Mrs. Wilson re-entered on the list of electors for polling division No. 31, in the electoral district of St. Lawrence-St. George.

Mr. RALSTON: The minister said "The chief justice, without hearing further evidence"; was further evidence tendered?

Mr. CAHAN: No, none. What happened was—

Mr. RALSTON: It seems to me that is a comment which reflects directly upon the judge and is not justified.

Mr. CAHAN: I am stating the facts.

Mr. RALSTON: My hon. friend is suggesting, by saying that no further evidence was heard, that the evidence was tendered and not received.

[Mr. Rinfret.]

Mr. CAHAN: No, no further evidence was tendered.

Mr. RALSTON: The minister did not say that.

Mr. CAHAN: Perhaps not but I thought I was saying it.

Mr. RALSTON: He said: The chief justice, without hearing further evidence—

Mr. CAHAN: Without hearing further evidence.

Mr. RALSTON: That means notwithstanding.

Mr. CAHAN: Notwithstanding?

Mr. RINFRET: It suggested that he gave his decision without hearing the evidence.

Mr. CAHAN: No, no. What the chief justice has said is that in each of these cases the lack of qualification or lack of residence must be proved with all the particularity required in a criminal or civil case.

Mr. POWER: He has decided in each of these cases that these persons will not be disfranchised under the Franchise Act.

Mr. CAHAN: They should be disfranchised in the constituency of St. Lawrence-St. George anyway. This is a new electoral list. The chief justice ordered the names of both Mr. and Mrs Wilson reentered on the list of electors for polling division No. 31 in the electoral district of St. Lawrence-St. George, in which they have not resided since November 22 of last year.

There is another case. Doctor J. R. Malone, who is well known, formerly resided at No. 1436 Crescent street in polling division No. 31 in the electoral district of St. Lawrence-St. George. An investigator, upon visiting this residence, ascertained from Mrs. Berri, the landlady, that Doctor Malone had removed to Gatineau street. The investigator found Doctor Malone at his new residence, No. 5381 Gatineau street, in another electoral district, and the doctor, in the presence of the investigator and another witness, declared in writing that on October 15, 1934, he had moved from his former residence to his new residence, which is in another constituency outside the electoral district of St. Lawrence-St. George. The investigator gave evidence on oath before the registrar, who declared that a prima facie case had been made for the removal of this name from the list of electors for poll No. 31 in St. Lawrence-St. George, and then, in the absence of rebuttal evidence, struck Doctor Malone's name from that list.

When the matter came before the chief justice no further rebuttal evidence was submitted with respect to Doctor Malone and no further evidence was heard, and the chief justice ordered Doctor Malone's name re-entered on the list of electors for polling division No. 31 in the electoral district St. Lawrence-St. George, in which he has not resided since October 15, 1934.

Mr. MERCIER (Laurier-Outremont): Did the chief justice mention Doctor Malone's name specifically in his judgment?

Mr. CAHAN: In all the cases in which appeals have been made he ordered that the names as they were before him be entered on the list.

Mr. MERCIER (St. Henri): On the general principles of evidence.

Mr. CAHAN: Too general. Here is another case: Mr. Kingsley Davey formerly resided at No. 1481 Bishop street in polling division No. 31 of the electoral district of St. Lawrence-St. George. An investigator, upon inquiry at this residence, ascertained from the janitor of the building that Mr. Davey had moved to 3465 Côte des Neiges road, in another electoral district. The investigator sought out Mr. Davey and obtained from him a declaration in writing, signed in his presence and in the presence of a second witness, that on November 30, 1934, he had removed to No. 3465 Côte des Neiges road, in another constituency, where he now resides. The investigator gave evidence accordingly on oath before the registrar, who said a prima facie case had been made out, called for rebuttal evidence, and, none being forthcoming, he struck Mr. Davey's name from the list. In the same manner and under the same circumstances the chief justice ordered Mr. Davey's name re-entered on the list of electors for polling division No. 31 in the electoral district of St. Lawrence-St. George, in which he has not resided since November 30, 1934.

Miss Ruth Stericker formerly resided at No. 1535 Bishop street, in polling division No. 31 of the electoral district of St. Lawrence-St. George. An investigator was informed by Miss Corbett at this address that Miss Stericker had removed to 3816 Oxford avenue, Notre Dame de Grâce, and subsequently he personally interviewed Miss Stericker and obtained from her a declaration in writing as to her removal and that she had not resided in the electoral district of St. Lawrence-St. George since October 27, 1934.

I could go on at considerable length with these cases, but I wish to state this, that in all the 105 cases which were on appeal in which the question of an address came into the issue the new addresses were obtained by the investigator in every case except 16. With regard to those 16 a careful examination of nearly every house in which they could possibly reside in St. Lawrence-St. George was made, and no evidence could be obtained of any old or new address. All of these names were ordered to be re-entered on the list of electors.

Now, generally speaking, that same condition will apply to several thousand names in the constituency of St. Lawrence-St. George, names that we are absolutely sure are not the names of persons entitled to be registered in that electoral district. Affidavits were furnished with regard to this.

Mr. POWER: Furnished to whom?

Mr. CAHAN: Affidavits were furnished to the registrar and affidavits were produced before the chief justice on behalf of the investigator who investigated, and the chief justice said he would refuse to read a single affidavit, and he did refuse to read a single affidavit. His entire point apparently was this, that, in case of death, evidence in each case must be produced before the registrar as to the fact that these people were dead such as would be brought in a civil case, the proof of a will, for instance, or, as I said without offence, in a criminal case as to the death of the person alleged to be murdered. Now that was never the intention of this act or of any other franchise act which ever passed this house. If that had been the intention there would have been means provided whereby a subpoena or summons could issue out of the registrar's court to compel witnesses to attend. If these cases are to be fought out as an ordinary suit in a court is contested, if that is to be the issue, then I must bring, from the constituency of St. Lawrence St.-George, before the twenty-one judges of the superior court 5,000 cases of persons whose names I contend should be struck out and 2,500 cases of persons will have moved into that district and whose names should go on the list. But that never was the intention.

Mr. POWER: Why not?

Mr. CAHAN: Because there is no provision to that effect.

Mr. POWER: The court has authority to issue subpoenas.

Mr. CAHAN: What court?

Mr. POWER: The court of revision.

Mr. CAHAN: Not in these cases.

Mr. POWER: Certainly it has.

Mr. CAHAN: Certainly not. There is no provision for issuing subpoenas, and if there were, why should a member or candidate in St. Lawrence-St. George in order to get rid of five thousand names, of possible use to impersonators, be put to the expense of litigating in the courts five thousand cases which could not be litigated at a less expense than $200 each.

Mr. POWER: Why not pass a decent act?

Mr. CAHAN: The law is passed, and I say this without reflection that no other judge from the Atlantic to the Pacific—

Some hon. MEMBERS: Order.

Mr. CASGRAIN: Order. Mr. Speaker—

Mr. CAHAN: I am going to repeat that sentence because it is no reflection at all. I say that no other judge in the course of this revision, so I am informed by the dominion franchise commissioner, has taken that same view of the law.

Mr. POWER: It has not been put before any other judge.

Mr. CASGRAIN: In what province?

Mr. CAHAN: My hon. friend is talking without knowledge.

Mr. POWER: I am talking with knowledge.

Mr. CAHAN: Under these circumstances—

Mr. MACKENZIE (Vancouver): Cite any other case.

Mr. POWER: Quote another case.

Mr. CAHAN: I am stating—

Mr. POWER: Quote any other case, from the Atlantic to the Pacific.

Mr. CAHAN: I am not going into it, but I have in mind another constituency in which there were eight thousand.

Mr. POWER: Have the cases been put before a judge?

Mr. CAHAN: Some of them have.

Mr. POWER: And has the judge given a decision?

Mr. CAHAN: The judge has followed the ordinary course.

Mr. POWER: What is the ordinary course?

Mr. CAHAN: The ordinary course is laid down, that the registrar who sits in the first case must decide from the evidence submitted as to whether a prima facie case has been made out. If he so decides and states that in his opinion a prima facie case has been made out, then he calls for rebuttal evidence.

Mr. POWER: Will the hon. gentleman state that case, and the judge and the court.

Mr. CAHAN: I am dealing with this case in this court.

Mr. POWER: I am asking the hon. gentleman to state any other case.

Mr. CAHAN: I am not going into other cases; I am dealing now with this case.

Mr. POWER: You cannot give any other case.

Mr. CAHAN: I am dealing with this case.

Mr. POWER: Give us another.

Mr. CAHAN: I can go on with scores of cases.

Mr. POWER: Give us another case.

Mr. CAHAN: What I am saying is that the ordinary course is that the registrar, having decided that a prima facie case has been made out, calls upon others present for rebuttal evidence, gives them time to produce the evidence and, no rebuttal evidence having been adduced, he then exercises the statutory discretion which is vested in him and in no other person, and he removes that name from the list. And I say there is no judicial authority in this country who has the right to reinstate that name on the list without some affirmative proof that the person is not dead, that his residence is in the district or polling division in which the name is to be reinstated, and that the person whose name is so reinstated is a qualified elector.

Mr. POWER: There is a judicial authority, the chief justice of the province of Quebec. He is the judicial authority.

Mr. CAHAN: If you wish to discuss that, come on any public platform where I can talk freely. What I am saying is this—

Mr. CASGRAIN: Bring on the election.

Some hon. MEMBERS: Order.

Mr. CAHAN: What I am saying is this. My hon. friends may make any suggestions they like; I am not saying that they are doing it, I am not saying that any Liberal committee is doing it, but in the constituency of St. Lawrence-St. George there are not going to be facilities for five thousand impersonations. I have known in one of my own elections one thousand men to be impersonated before twelve o'clock in the day.

Mr. POWER: It is too bad for you to have done that.

Mr. CAHAN: Well, all I can say is, look at the election expenditure returns.

Mr. POWER: That clearly shows you must have done it.

Mr. CAHAN: If the hon. gentleman insinuates—

Mr. POWER: I am not insinuating anything.

Mr. CAHAN: Then don't make that statement; it is one you dare not make outside this assembly. Now, the result is that in order to make the procedure clear I am proposing that the law should be amended to this effect—and I think it is a very fair provision. This bill may not be enacted into law to be of advantage to me but it will be, I trust, a law that will preserve a certain decency in election campaigns and electioneering practice in the city of Montreal. I am not saying anything about the city of Quebec; I presume they do not follow Montreal practices down there.

Mr. POWER: That is a rather nasty statement to make.

An hon. MEMBER: Have there been any objections raised outside the division of St. Lawrence-St. George?

Mr. CAHAN: Perhaps not. What I propose is that a new subsection 5 be added to section 32 of the Dominion Franchise Act, reading:

(5) Upon the hearing of any such appeal from any final ruling which the registrar of electors, sitting as a court of revision, may, in the exercise of his discretion, have made, placing, retaining or removing the name of any person on or from the list of electors of any polling division in the electoral district of such registrar, the judge shall not rescind such final ruling of the registrar nor order that the name of such person shall be placed, retained or removed on or from the list of electors for any polling division of such electoral district, except evidence satisfactory to the judge has been adduced at such hearing that such person is a qualified elector whose place of residence is in the said polling division and that his name should be placed or retained on such list, or that such person is not a qualified elector whose place of residence is in said polling division and that his name should be removed from such list.

All I am asking is that any judge on appeal, before he orders the re-entry of a name objected to on the list of any polling section in any electoral district, shall have before him, adduced at such hearing, evidence satisfactory to him that such person is a qualified elector in that district.

Mr. C. G. POWER (Quebec South): We have reached a rather pretty pass in this parliament. First of all we have an act to deal with the elections in one province and now we have an act to deal with the elections in one constituency. I had almost suggested to my hon. friend that this be referred to the private bills committee; this is essentially a private bill. One of my hon. friends has just whispered to me that it might be entitled, "A bill for the relief of Charles H. Cahan." So far as I am aware, nowhere else throughout Canada has a similar situation arisen; at any rate, if it has, no one appears to have complained. It is true my hon. friend a moment ago stated—and I think perhaps, in the excitement of the moment, he stated what was not quite accurate—that some other judge had given a decision different from that of the chief justice of the Superior Court of Quebec. I asked him to cite a case and he spoke of registrars acting as a court of revision, but he did not mention the name of any other judge nor of any constituency in which a similar complaint had been made.

Mr. CAHAN: There was no cause for it.

Mr. POWER: No cause for it? Then I should like to pin my hon. friend down to that statement. When he said that no other judge, from one end of the country to the other, had rendered a similar decision, what did he mean?

Mr. CAHAN: I will tell you what I meant if you want to hear.

Mr. POWER: Yes, I do.

Mr. CAHAN: I made an inquiry of the dominion franchise commissioner as to whether other judges in Canada were taking the same attitude as that taken by Chief Justice Greenshields. He told me that he had been in communication with a number of judges with regard to the administration of the act and that no other judge had adopted the same view with regard to re-entries of names in the lists of electors.

Mr. POWER: The point I am making is this: The hon. gentleman has said that other judges have taken views different from those of Chief Justice Greenshields. No other judge has had similar cases laid before him.

Mr. CAHAN: Does the hon. member say so?

Mr. POWER: The hon. member said so himself.

Mr. CAHAN: I did not.

Mr. POWER: I asked the hon. member to cite any case. He said that no other judge from one end of the country to the other had given a similar judgment. I said: Quote any instance in which a similar case was put

before a judge, and the hon. gentleman said that the dominion franchise commissioner had talked to a judge. My hon. friend has been practising law for forty or fifty years and he knows he cannot in this house quote as a judgment a conversation someone has had with a judge outside a court. We do not have to teach the hon. gentleman law; surely he knows it.

What is the object of this bill? It is, as I understand the matter, twofold. The first object is, under the provisions of a franchise act, mind you, to disfranchise 4,000 voters who, the chief justice of Quebec said, were entitled to vote. The second object is to render valid, to legalize the proceedings of the political organization presided over by the hon. member for St. Lawrence-St. George. Those are the two main objects of this bill.

I suggested a moment ago that perhaps this bill might very properly be sent to the private bills committee. I do not wish to raise the point, but I think it is a point that could be raised that the minister is acting rather improperly in introducing in this house a bill in which he has a personal political interest. I suggest to him that with his knowledge of British constitutional practice, with his knowledge of parliamentary practice and with his long experience in parliamentary affairs, had he reflected a little bit he would perhaps have asked the Minister of Justice, who after all is the man who originally introduced the franchise act, to introduce any amending bill, instead of the Secretary of State, introducing a measure to deal with a condition which, according to him exists in his own constituency. I doubt very much whether the Minister of Justice would have come before this house with a bill dealing with only one constituency. Is every hon. member opposite going to say in the house: Such a condition exists in my constituency; I might be defeated in the next election; give me a new election act, one for me, one for the Minister of Justice, and for the chief whip, one for the hon. member for Pictou.

Mr. CANTLEY: I do not need one.

Mr. POWER: Are we going to come to that in this house? Are we going to have 245 special election acts, one for each and every one of us? Is that the way we are going to carry on the business of the country? Is that the way we are going to legislate? This all comes from one thing: In 1929-30, after a good deal of labour participated in conscientiously by members on both sides of the house, an act was passed by the unanimous consent of the parliament of that day, an act which the hon. member for South Renfrew (Mr. Maloney), speaking last year, said—I have not his exact words before me—was a good act, and he objected to any change in the 1930 act. That act was passed with the consent of every hon. member. One of its main objects was to see to it that, in future, elections were in so far as possible taken out of politics. By the act of 1930 we provided that instead of returning officers being appointed by ministers of the crown, by orders in council or by recommendations of ministers of the crown, from then on they would be appointed by a man who was appointed unanimously by this house, namely the chief electoral officer, and that the returning officers should be permanent. It is true that in certain constituencies—and I see opposite me the hon. member for Pictou—complaints were made that the chief electoral officer had not appointed the returning officer in a nonpartisan manner; but generally speaking, throughout the length and breadth of the land, the returning officers were men of high standing, high qualifications, men holding public office of some kind or another and satisfactory not only to the people but to the members of parliament themselves. However a few hon. members opposite, in order to control what they thought was the electoral machine, began to protest against the act of 1930, and because under the 1930 act the lists were made after the dissolution of parliament and after the writs had been issued so that that act took something like fifty-eight days for its operation between the time the writs were issued and the elections could take place, under the guise, mind you, of trying to shorten the election period they tore up the 1930 act and brought in two acts. How did they shorten the election period? Every hon. member knows this 1934 franchise act has been used as an excuse by hon. gentlemen opposite to remain in office ever since December, 1934, when they should have gone before the people. They know every time we have asked them to appeal to the people, they have said: Oh. we cannot; the lists are not ready; they are not printed; we must have a new revision of the lists, the very revision which my hon. friend wishes to tear up. We are told we must have a new revision to put 400,000 new voters on the lists. My hon. friend in his own constituency wants to knock off 9,000 of those 400,000. Did he say 9,000, or was it 5,000? He wants to knock off more than his proportion of the 400,000 new voters my hon. friends opposite want put on. Therefore the excuse for keeping this parliament in being, that we need to put on

400,000 new voters, falls to the ground at least so far as the constituency of St. Lawrence-St. George is concerned. If he is going to knock off 9,000 and add only his proportion of the 400,000, he is going to have a minus quantity in so far as the excuse given for holding this parliament in session so long is concerned.

It was decided that we would have a new electoral list for one reason only, and that was in order to get rid of the returning officers who had been appointed impartially by a public officer, the chief electoral officer appointed by joint vote of the House of Commons. That was the sole, the real reason, and what has happened? We have got this election act. There is hardly an hon. member who will be willing to rise in his place and say that the franchise act is a good act; that the Dominion Elections Act is a good act. Both of those acts have been proved to be just the same as pieces of legislation that have been passed time and again under this government, without thought, ill conceived and impossible of administration. This act has been extremely difficult of administration. We spent—I speak subject to correction—over a million dollars during the course of the last year in the general registration. What this revision is going to cost the Lord only knows, and according to my hon. friend's own statement the lists are not complete. Not only are they not complete but they are badly made and in his riding according to his own statement they leave room for fraud, for corruption, for impersonation, and for every species of electoral trick. That is the position we have reached by endeavouring to tamper with an act which was passed with honest intent by the unanimous consent of all the members of this house.

I should like to deal for a moment with some of the suggestions made by my hon. friend the Secretary of State. He cited some forty or fifty cases perhaps out of the total of four thousand. In the large majority of those cases, to which I listened very carefully, the question involved was this: Miss Comeau, or Doctor Maloney, had moved from such an address in such a street to another constituency. My hon. friend through his agents, through these young men of whom he speaks, traced these people, made complaint to the effect that they had left their former places of residence and had moved to another constituency, and he comes to ask us to pass a law whereby those people, about whose right to vote there is no question whatsoever, who are over twenty-one years of age, British subjects living in Canada shall be deprived of their right to vote, because his investigators inquired from the janitor as to whether or not they were living in such a place and found that they were not. To that, sir, I object, and to that I think most of the members of the Liberal party will object. This act was passed as a franchise act, not as a disfranchising act. Until such time as my hon. friend can show to the house that he or his agents have made provision whereby Doctor Maloney who has moved from one constituency to another will not be deprived of his right to vote I think he has no right to ask us to pass any such legislation as this. If my hon. friend will show us that those voters will still be entitled to use their franchise in this country as Canadian citizens, then perhaps we will give some consideration to his bill. Until he does so I object, and I shall certainly vote against the second reading of the bill.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, may I in the first place say that the administration of the franchise act and all that has to do with the franchise commissioner is under the Department of the Secretary of State and not the Department of Justice. It is for that reason, I assume, that the Secretary of State has brought in the present bill. He certainly is the appropriate minister to do so. The hon. member for Quebec South (Mr. Power) must be under some misapprehension as to the meaning and intent of this proposed amendment. He seems to think that it is confined in its application to a single constituency. That is entirely erroneous. If passed it will apply to every constituency in the Dominion of Canada. It is brought in to clarify something which may be doubtful in the present act. To my mind there is little doubt about it, but through judgments rendered by the chief justice of the province of Quebec the intent of the act is not being carried out in regard to certain cases which have arisen in the electoral district of St. Lawrence-St. George in that province.

I well remember what took place in this house when the franchise act was passed, because I had the honour of conducting that bill through the house—

Mr. POWER: Why not the Secretary of State?

Mr. GUTHRIE: —and I remember quite well how definitely we decided that a registrar of electors should be appointed in each riding, in whom should be vested discretion both to add and to remove names from the voters' list upon a proper case being made

out. That met with the approval of the house, and that discretion was vested in the registrar in each constituency. It was only after the committee which was discussing the bill had had several meetings that a suggestion came that there should be any appeal whatever from the ruling of the registrar. Finally the committee decided that an appeal should be provided for from the decision of the registrar to various judges in the various provinces.

Now the registrar in the first instance does not act autocratically. He has placed before him in writing the reasons why a certain name should be removed from the list, either death or removal or some other reason, and upon evidence being brought in support of that application to remove a name the registrar acts in his discretion and rules that the name shall either be taken from or retained on the list. From that ruling there is an appeal to the judge. Now, if I understood aright the statement which was made in this house to-day, in one instance or in a number of instances before one judge the view of that judge has been that unless evidence is adduced before him he has a right to set aside the discretion which we understood we had vested in the registrar in the first instance. Without evidence being tendered or heard a judge in the province of Quebec in a great number of cases has given judgment that names shall remain on the list notwithstanding that the registrar in his discretion had removed them. All I can say is that if that is the effect of the law which we passed last session it was not the intention of parliament. If the decision of that judge be correct and be valid throughout Canada then the discretion which we vested in the registrar may be swept aside in every case without any evidence.

Mr. EULER: What is the use of the appeal?

Mr. GUTHRIE: There would be no use of the registrar giving a decision. If there is doubt about the matter—it is true that only one judge as far as I am aware has made such a ruling, but if that ruling should be followed in other cases then it is necessary that this house make a declaration, as contained in this bill, that a judge shall not order names to be restored or removed without hearing evidence in the matter. That is all that is asked in this amendment. It will clear the matter up and remove doubt in the future. This does not apply to St. Lawrence-St. George riding particularly, but to every riding in the Dominion of Canada.

[Mr. Guthrie.]

There has been an attempt on the part of the hon. member for Quebec South to cast some reflections upon the Dominion Franchise Act and upon the Dominion Elections Act, which were passed last session after very serious consideration by this parliament, and with very little difference of opinion. I am not going beyond the facts when I say that they were passed practically unanimously. There were some differences in regard to details; there were some slight amendments offered which were rejected, but these acts fairly represent the consensus of opinion of this parliament. My hon. friend from Quebec South says there was no need for them. One thing I think we all agree we did need was a definite franchise act in the Dominion of Canada, and that is the act which my hon. friend the Secretary of State now seeks to amend, to explain and to clarify.

The other was in regard to a dominion elections act. Unfortunately, under the former act we were in the position that on the dissolution of parliament, or in the case of a by-election, in an ordinary constituency something like fifty days had to elapse between the issue of the writ and the polling. In Great Britain in twenty-one days parliament can be dissolved and a new parliament seated at Westminster. They have a basic list always ready. We formed the design, and I think my right hon. friend the leader of the opposition (Mr. Mackenzie King) was in agreement with us, that a basic list would be an excellent thing in this country. Now we have a basic list and that list is open to revision once a year. Under the new election law the house can be dissolved and an election brought on in twenty-eight days. That is a tremendous advantage over the other elongated system of bringing on an election in this country.

Mr. POWER: Apart from the month and a half or two months it takes to revise the lists.

Mr. GUTHRIE: We do not need to delay an election by reason of the revision of the lists; that has never been asserted in this house by any minister of the crown as a reason for the delay of dissolution. Who has ever asserted that?

Some hon. MEMBERS: The Prime Minister.

Mr. GUTHRIE: The question is one of propriety. We could dissolve to-day and hold an election in twenty-eight or thirty days, but would it be a proper thing to do in the midst of a revision of the list? It is a question of propriety. I have heard it stated that there will be three or four hundred

thousand new names added to the list. I doubt that very much. In my judgment one hundred to one hundred and fifty thousand would be the most that would be added.

Mr. POWER: I quoted the figures given from the other side.

Mr. GUTHRIE: I do not think it would be a very great outrage to dissolve the house, if it were necessary to do so, in the middle of a revision notwithstanding that certain men would be disfranchised, but the whole question is one of propriety. There is nothing to prevent us dissolving to-day and having the election within thirty days. It was with that object in view that the basic list was established. My hon. friend from Quebec South condemns the whole system, though he was a party to its enactment and as yet it has not been tried out in an election. He is condemning it entirely in advance. I am satisfied that the act will prove to be a good, expeditious act and that it will receive the approval of both sides of the house after it has been in operation for a general election. The present amendment does not affect the election act at all; it is simply an attempt to clarify the law, and if the statements made by my hon. friend the Secretary of State are correct I think it is time we settled that disputed point in this house.

Hon. FERNAND RINFRET (St. James): Mr. Speaker, first I desire to protest, together with my hon. friend from Quebec South (Mr. Power), against any amendment to either the election act or the franchise act in the dying hours of the session and on the eve of an election. I think everyone not directly interested in the matter will agree that on the eve of an election there always will be suspicion in the minds of the people that whatever amendment is brought in by the government is not intended to bring justice and fair play in the election but rather to devise some advantage for themselves at the last moment. This is my first objection to this bill, and this also will be my objection to the bill providing that the province of Saskatchewan will pronounce on this government in a different way from the other eight provinces of the dominion.

In my opinion this bill is even more contentious, because it deals—if not in principle at least in fact—with just one constituency in the Dominion of Canada. It is true that the Minister of Justice (Mr. Guthrie), trying to throw oil on the waters said in a very dispassionate way that this would apply everywhere, but it will not be required anywhere else than in the constituency of St. Lawrence-St. George, because nowhere else have the same circumstances appeared.

Mr. CAHAN: I should just like to tell the hon. gentleman, as I have already said, that I know of one other constituency—and I am not going into any details—where there are five thousand cases of the same kind outstanding.

Mr. RINFRET: I do not think it will help the case if it is shown that there may be two constituencies affected, but my information is that it only deals with one. And mind you, Mr. Speaker, this bill must be through within a few days or it will not apply. It is being practically rushed through in order to alter the conditions of the election in my hon. friend's constituency.

I think the Minister of Justice has made a very noble effort to try to place the Secretary of State in a somewhat better light than he placed himself. The Minister of Justice said that the operation of the act was under the direction of the Secretary of State, but he admitted that he introduced the act that was brought in last year. What does it mean when the Minister of Justice introduces an act but, when any amendment is required, it is brought in by the Secretary of State? That is a very peculiar situation. I think the Minister of Justice, who is very genial, realized that the Secretary of State had placed himself in such a disgraceful position that he had to interfere and say this was according to the routine of the departments. He introduced the act; my hon. friend the Secretary of State now seeks to amend it, and if further amendment is needed I suppose the Minister of Agriculture (Mr. Weir) will put it through.

The main objection we have to this bill, Mr. Speaker, is not that it amends an act but that it does so in the course of the operation of that act. Last year the bill was passed unanimously, which makes it even more imperative that it should not be amended by the consent of only one of the parties in this house. We all consented to the bill last year. We say very candidly that we did so in the spirit of compromise. I, together with many members on this side, do not believe in a fixed, permanent list. We rather think the old system of having the list prepared or revised at the last moment, on the eve of an election, was a better system. But we discussed it on this side, and I suppose the same thing took place on the other side, and in the spirit of compromise we agreed to accept the bill. The government gave way a little, I will admit, in providing that the list should be prepared by two enumerators, one representing each party. The lists were prepared last fall, according to the act; they were being revised this spring, also according to the act, the

compromise entered into by both parties and I suppose even the third party in the corner, but at the last moment, because my hon. friend the Secretary of State thinks he is going to be bothered or annoyed personally in his own riding, he has introduced a bill to amend that act that was agreed upon by both parties. That is our main objection to the bill. If my hon. friend came here during another session and cited these cases, asking us to amend the act in regard to a future revision, then he would be on much safer ground, but when he comes here just a few days before the revision is over and asks us to amend an act that was agreed upon by compromise between both parties, I think upon reflection he will agree that unless there is a compromise again he should withdraw his bill.

I find fault with the minister because he has not given a proper picture of the conduct of the judge. He went on to cite cases in which it appeared that a Mr. So and So residing on a certain street had moved to another street. The minister said such a case would be brought before the judge; the judge would not hear the evidence, but would order those names to be restored to the list. Another person residing somewhere else died; his case was brought before the judge, and the minister added, without listening to evidence the judge ordered that that name be restored, and so on. The minister went on that way for half an hour, and he gave the impression that every individual case had been brought before the judge with the evidence annexed to it, and that the judge had refused the application.

But that is not the fact. The fact is that an appeal was entered by a party against the striking out of over 4,000 names. I am not a legal man, but I followed the case closely, and I know the question involved was one as to who would be forced to bring evidence before him. The minister admitted that, himself. He states "Here is a registrar deciding that over 4,000 names must be struck off the list; am I, as a candidate, going to be forced in every case to prove the necessary facts, and must I furnish evidence?" If I understood the case properly, that was the whole contention. The judge decided that unless evidence was produced before him he would not consent to disfranchising 4,000 electors. That is the way I understood the case.

Mr. CAHAN: An entirely erroneous understanding.

Mr. RINFRET: If the same thing had happened in St. James constituency I would have thought, had a judge decided in the same way, that he had taken a proper position. Mind you, before the compromise of last year I said there was disagreement in the act. We cannot at one and the same time have a permanent and a flexible list. If we have a list being formed and revised at certain dates it is inevitable that between a date of revision and an election date a number of electors will have moved, a number will have died,—and you cannot prevent that. With the act as it stands we will always have on the lists for every constituency, and especially in the cities, large numbers of electors who will not be at the points indicated in the lists, and who may be on the list in one division whereas they should appear on the list for another. Under the present act we cannot prevent that. That does not mean that when a judge is presented with a list of 4,000 electors he is going to say, "Well, unless every one appears before me"—and how will the dead ones appear?—"and unless each produces his own evidence I shall rule that the decision of the registrar is a proper one, and allow the disfranchisement of thousands of electors." That is the way I understand the act.

The appeal to the judge was placed in the act, I believe at the demand of hon. members on this side of the house, to protect the electors from the over-zeal and over-devotion of a registrar. Sometimes a registrar may be stirred up by the evidence prepared by electoral agents; all hon. members know that can happen. The Secretary of State has said that no other judge would have given the decision he has indicated. Well, evidently I have more confidence in that tribunal than has the minister. On the contrary I say there is not one judge on the bench who would have consented to strike off 4,000 names, or to substantiate their being stricken off by the registrar, exacting at least a certain amount of evidence in every case.

In my view the basis of the act is the proper placing of names on the list by enumerators. Enumerators from the different parties go from house to house, inscribing the names of the electors on the lists. Last year we insisted that the procedure be made as simple as possible, and that an elector who had his name placed on the list should not be asked to enter into a very complicated procedure, such as was at first contemplated. I believe we are on firm ground, too, when we say that once an elector's name has been placed on the list by an enumerator he should be protected against any further effort to withdraw his name from that list. If a man or a party has reason to ask a registrar to strike a name from the list, and if a registrar complies with the request and an appeal is made to a judge it should be up to the party who has made the

representations to the registrar—that a person has moved or died—to appear before the judge and make good the charge he has made before the registrar. I ask that the right to vote be not made too complicated. I do not speak in any partisan spirit, but I speak after a close association with the electors of the city of Montreal. Each time the election act has been before this chamber it has been complicated by legal minds to a point where it has become very difficult for common people to know how to vote. That is my contention, and has been my contention for some time. I will admit, gladly, that the government has made it more simple. We must remember however that whether or not we require it from them the common people will not spend a whole year wondering whether or not their names appear on the list.

Unfortunately our election act has been changed every three or four years, with the result that electors come to us stating they do not know how to proceed to vote, and asking, "Why is it not the same as it was four years ago?" I believe we should try to have a permanent act, stick to it for a number of years and make it easy for people to understand where and how they shall vote. The contention of the Secretary of State is that when a man's vote is being challenged and a registrar decides against him he must appear before a judge and plead his own case for his right to vote. I do not believe in that, at all. I must disagree with the Secretary of State on that point. In my view it is up to the party who challenges my right to vote to make good that challenge, not only before the registrar but before the court. That is why I say the chief justice of the province of Quebec, acting on his own interpretation of the act, did rightly when he said, "At the demand of some electoral agent I am not going to disfranchise 4,000 electors in the constituency of St. Lawrence-St. George merely because I am asked to do so. I want to have the evidence; I want to know about these cases."

Much graver in my opinion, however, is the position we will take when the judge has rendered his decision. After all, are we going to show a disregard for the court? Are we going to say, "If the court decides against us, because we are members of the House of Commons or ministers of the crown we are going to change the law." I say that is an abominable principle. I appeal to the Prime Minister, who I believe has as fine a legal mind as any person in Canada: Do you not think it is an abominable principle to say that because a decision had not been favourable to me, a minister of the crown, I am going to introduce a bill to change the law, and force it through parliament in time to be effective in the actual revision? I object to that principle. I have great respect for the Secretary of State; I will say it is not often that I disagree with him, but in this instance I believe he has been ill advised. I do not dare censure him, because he is much older than I am, but if I were in his place I would rather try to be elected by a majority of my electors than to try to be elected by a majority of this house.

Mr. J. A. MERCIER (Laurier-Outremont): Mr. Speaker, I gave some attention to the franchise act last year when it was before this house, and although I thought that the old law needed to be changed in certain respects I believe that in so far as the making up of the lists is concerned the old act was far superior to the present one.

A few days before the election in 1930 enumerators were named, who went from house to house and inquired as to the residents in these different houses, took down the names of those who were entitled to vote, these names were put on the list, and very shortly after the elections were brought on and these lists which had been compiled a very short while before were used. The only objection to that system in the city of Montreal so far as I saw was that these lists were made up in the summertime when a large number of the residents were out of the city at the different summer resorts, but many of the electors of Montreal took the trouble to come back to the city and see that their names were properly inscribed on the lists. In my experience and in the experience of the other members for the city of Montreal, and I think even the hon. Secretary of State will bear me out in this, there were very few objections made as to the manner of bringing in the votes in the election of 1930.

But what is the situation under the present act? The situation is this, that last fall the country went to the expense of having a list prepared, and twenty-one copies of the lists for each polling subdivision in his constituency were sent to every member of this house. In my own division of Laurier-Outremont there are 225 polls, 150 in Laurier and 75 in Outremont, and twenty-one copies of these lists containing the names of the electors at 225 polls were sent to me two or three months ago. What was the result? Those lists are still wrapped up in the cellar of my house. I have not even opened the packages because I knew that this revision was coming on and that these lists would be of no avail. I quite admit that in the revision the typesetting of the original list will be used in preparing the new list but actually a new and complete list

will have to be made and the twenty-one copies of the list for each of the 225 polling subdivisions in my constituency will be of no use whatever. It simply means that the country has gone to the expense of printing all these lists which will be useless.

I listened to the hon. Secretary of State with much attention. Like my friend from St. James (Mr. Rinfret) I have a great esteem for him. An old friendship has existed between us for a number of years, and if I do not agree with him in certain of the statements he has made it is because I think he was wrong. The Secretary of State said that he did not see why he as a candidate should be called upon to incur the expense of seeing that certain names were taken off or put on the list. Now this is a franchise act, Mr. Speaker, and the list is made for the purpose of facilitating the right of the citizens to poll their votes, and I would ask the hon. Secretary of State why should the electors be put to the expense of going before the court, as they will have to do under this amendment, and seeing that their names are retained on the list? An electoral agent, as did happen in the case of the constituency of St. Lawrence-St. George, might object to four thousand names remaining on the list, or he might object to four thousand new names being put on the list, and under this amendment each one of those electors would have to go before the court, be put to expense, and lose his time appearing before the court in order to see that his name was retained or put on the list. I say under this act the benefit of the doubt should be given to the elector, but that is not the case here.

I notice also that the Secretary of State in his remarks made no mention of the judgment of Chief Justice Greenshields. He did not state specifically what were the reasons for the presiding judge rendering his decision as he did. But the Minister of Justice (Mr. Guthrie) said that the chief justice would not accept the evidence as adduced before him and required further evidence. The question was not decided on its merits at all. The question was decided on an exception to the form. The chief justice did not say: "I do not know in this particular case whether Doctor Malone's name should be stricken off the list or not. All I know is that sufficient evidence has not been put before me to allow me properly to decide what ruling I should give." But this amendment reads:

> The judge shall not rescind such final ruling of the registrar nor order that the name of such person shall be placed, retained or removed on or from the list of electors for any polling division of such electoral district, except evidence satisfactory to the judge has been adduced at such hearing that such person is a qualified elector.

That I submit was absolutely the judgment of the chief justice of the province of Quebec. He said: I do not know as to the merits of the different cases, but what I do know is that you have not brought sufficient evidence before me to enable me to give a proper decision. So even according to the amendment itself it would seem that no criticism should be made of the judgment of the chief justice of the province of Quebec.

One other point which has struck me in this discussion was that the right of voting should not be too complicated. I think that same thought was expressed by my hon. friend from St. James. But under the present franchise act the right to vote is going to be too complicated. In the revision that is taking place at the present moment and in the revision that took place last fall I had some experience. I knew what transpired in these 150 polls in the Laurier division. Last fall there were 165 names added to the list, and that comprised the names of people who had moved and the names of people who had been struck off the list, and out of those 165 names over 100 were put on the list because in some cross-sections of the city a certain number, one or two blocks in one corner of the division had been overlooked. The registrar found that out and he sent the enumerators out again and they put these names on the list for they should have been put on when the basic list was being drawn up. In the present revision we have the greatest difficulty in Montreal in getting the electors to look after their own interests. They will not do it. I had a conversation here last week with an official of this house who knows something about elections, and his idea was that every facility should be given to the elector to help him have his name put on the list, that you should not count upon the elector to see that his name is put on the list, that if you do that, it will become complicated.

Under the present revision the situation in my division in Montreal is this: The people are not bothering about the revision at all. Those who have moved from one division to the other are not taking the trouble to have their votes transferred; those who have changed their places of residence in a division are not paying any attention to it. In one week—last week—only nine people went before the registrar. Here is a man who is paid a fee by the government and who sits for long hours; and as a member of parliament I have a representative before him. I go to the

expense of having this man there and in the course of one week in the city of Montreal, where there are possibly thirty or forty thousand electors interested, only nine people take the trouble to appear before the registrar to see whether their names are revised. Moreover, we have public notices in the papers, and I myself at my own expense had a circular drawn up and distributed from house to house; and notwithstanding all that, as I say, only nine people in the section of my division which is being revised, went before the registrar in that week. The result is that when election day comes along all those electors who have neglected to see that their names are properly on the list are going to flood the polls. There will be such a rush of electors to the polls that it will be with the greatest difficulty that polling will take place on the day of the elections.

This law has something to commend it, but on the whole I prefer the old law in so far as it facilitated the movement of electors to the poll on polling day.

The house divided on the motion (Mr. Cahan), which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park)
Anderson (Halton)
Arthurs
Barber
Baribeau
Barrette
Beaubier
Belec
Bell (St. John-Albert)
Bennett
Bowen
Boyes
Bury
Cantley
Chaplin
Charters
Church
Cotnam
Dickie
Duguay
Dupré
Duranleau
Edwards
Embury
Ernst
Esling
Fraser (Cariboo)
Gagnon
Gardiner
Garland (Carleton)
Geary
Gobeil
Hay
Irvine
Kennedy (Peace River)
Laflèche
Larue
Laurin
Loucks
Lucas
Macdonald (Kings)
MacInnis
MacMillan (Saskatoon)
MacNicol
McGillis
McGregor
McLure
Maloney
Matthews
Morand
Mullins
Murphy
Myers
Peck
Perley (Qu'Appelle)
Pickel
Plunkett
Porteous
Price
Quinn
Robinson
Ross
Ryerson
Sauvé
Shaver
Simpson (Algoma West)
Smith (Victoria-Carleton)
Smith (Cumberland)
Speakman
Spencer
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stinson
Stirling
Stitt (Nelson)
Stitt (Selkirk)
Sutherland
Thompson (Lanark)
Tummon
Weese
White (London)
White (Mount Royal)
Willis
Wilson
Wright—87.

NAYS

Messrs:

Ahearn
Beaubien
Blair
Bothwell
Boucher
Boulanger
Bradette
Brown
Campbell
Cardin
Casgrain
Desrochers
Dubois
Duff
Dumaine
Elliott
Factor
Ferland
Fontaine
Fournier
Gershaw
Girouard
Goulet
Hall
Hanbury
Hanson (Skeena)
Heaps
Howden
Hurtubise
King Mackenzie
Mackenzie (Vancouver Centre)
Macphail, Miss
McKenzie (Assiniboia)
McKinnon
Mercier (Laurier-Outremont)
Mills
Moore (Ontario)
Mulock
Munn
Neill
Parent
Reid
Rennie
Rhéaume
Rinfret
Roberge
St-Père
Séguin
Stewart (Edmonton West)
Taylor
Thauvette
Totzke
Vallance
Weir (Macdonald)
Young—55.

PAIRS

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

Messrs:

Baker
Bell (Hamilton)
Bell (St. Antoine)
Beynon
Bourgeois
Burns
Casselman
Cowan
Dorion
Fortin
Ganong
Gordon
Gott
Guthrie
Hackett
Hanson (York-Sunbury)
Harris
Johnstone
Jones
Kennedy (Winnipeg)
Lawson
MacDonald (Cape Breton)
McDade
McGibbon
Manion
Moore (Châteauguay-Huntingdon)
Bertrand
Mercier (St. Henri)
Raymond
Euler
Deslauriers
Butcher
Howard
Ilsley
Verville
Fafard
Michaud
Fiset
Rutherford
Lapointe
Perras
Veniot
Jacobs
Donnelly
MacLean
McIntosh
Gray
Urquhart
Dupuis
Power
Chevrier
Dubuc

Perley, Sir George	Marcil
Pettit	Bouchard
Rhodes	Ralston
Rowe	Lacroix
Senn	Sanderson
Simpson (Simcoe)	Jean
Smoke	Pouliot
Spence	Fraser (Northumberland)
Spotton	MacMillan (Mackenzie)
Stevens	Malcolm
Sullivan	Brasset
Turnbull	McPhee
Weir (Melfort)	Motherwell.

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. KENNEDY (Winnipeg): I was paired with the hon. member for North Battleford (Mr. McIntosh). Had I voted I would have voted for 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. GOTT: I was paired with the hon. member for Kent (Ont) (Mr. Rutherford). Had I voted I would have voted for the motion.

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

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted I would have voted for the motion.

Mr. CHEVRIER (Translation): I was paired with the hon. Minister of Railways and Canals (Mr. Manion); otherwise, I would have voted against the second reading of this bill.

Mr. JEAN (Translation): I was paired with the hon. member for North Simcoe (Mr. Simpson); otherwise, I would have voted against the second reading of the bill.

Mr. FAFARD (Translation): I was paired with the hon. member for Lévis (Mr. Fortin); otherwise, I would have voted against the second reading of this bill.

Mr. RAYMOND (Translation): I was paired with the hon. member for St. Antoine (Mr. Bell); otherwise, I would have voted against the second reading of this bill.

Bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

[Mr. J. A. Mercier.]

On section 1—Judge may not rescind final ruling of registrar, or add, retain or remove names, except upon certain adduced evidence at hearing.

Mr. POWER: What is the present status of these 4,000 names? Are they on the electoral list or are they off or where are they?

Mr. CAHAN: At the present time I think less than 200 cases have been heard by the registrar and have gone on appeal to the courts. In the case of others the court hearings have not yet been reached.

Mr. POWER: Do I understand the hon. member to say the hearings have not been held before the registrar?

Mr. CAHAN: Except in regard to less than 200 names.

Mr. POWER: What about the remainder?

Mr. CAHAN: I suppose they will proceed before the registrar. I have no doubt he will hear the remainder from day to day as fast as he can hear them; it will take him a long time.

Mr. POWER: I hope the hon. gentleman understands that the revision finishes on June 30 and it is now the 18th.

Mr. CAHAN: I understand that.

Mr. POWER: How does he propose that the registrar shall hear those cases if he has not already heard them, or is it only a matter of giving judgment?

Mr. CAHAN: It is not a matter of very great importance to me whether the registrar hears them all.

Mr. POWER: I thought so.

Mr. CAHAN: I have nothing to do with the hon. gentleman's thoughts, but if he keeps on thinking he may think that possibly this bill may not apply solely to the present registration and the present appeals. The member for St. Lawrence-St. George, even if he has to meet 1,000 or 2,000 impersonations in his constituency, can still be elected there by the unanimous suffrages at any rate of his own supporters. Although at my age I would like to retire, but simply because certain suggestions have been made, I intend to contest the election. Really I have not a personal interest in this bill. If I could say this without the hon. gentleman taking it as a reflection on him, I would say that to whomsoever you may attribute the fact, it is a disgrace that in a constituency such as that, 5,000 names or even 4,000 or 3,000 names of persons who, prior to April 30 last,

which was the last day for objections, have forfeited their right to vote in that constituency, should be left upon the lists. I am quite prepared, if these people are to be gathered in from all over Canada, to stand my chance of getting a majority of them. Of course, the hon. gentleman knows what it means, the expense of gathering electors in from all over the country. I am not afraid of the electorate of St. Lawrence-St. George, not in the slightest degree. But in that constituency, as my hon. friend knows, there has been impersonation and fraud which is a disgrace to the city of Montreal in which that district is situated. I and the younger men who support me—at least it shows I have some friends when seventy of them will gather for the purpose of cleaning up this list—are going to stop impersonation in this city of Montreal if by any legitimate means it can be stopped. And we are going to stop it particularly in the electoral district of St. Lawrence-St. George. This bill will be of far more use to other hon. gentlemen at a subsequent revision than it can possibly be to the revision proceeding in St. Lawrence-St. George between now and the thirtieth of this month. This bill enunciates a principle which has been recognized in all electoral franchise acts of this country for years, that if a prima facie case is made out and full opportunity given for rebuttal and no rebuttal whatever is adduced, the name goes off the list, and it should not be restored unless there is some affirmative evidence of the existence of that person and his or her qualification by residence in the electoral district. That is what this bill affirms. Whether or not it passes is immaterial to me as far as my own election is concerned.

Mr. ILSLEY: If the registrar acts improperly and does not carry out the statutory requirements, if he puts names on the list that obviously should not be there, should it be incumbent upon the judge on appeal to insist on evidence? Should he not be free simply to say: That name obviously should never have been put on the list at all, and therefore I overrule the decision of the registrar? Is not that the function of an appeal court.

Mr. CAHAN: I presume that if it were shown that a registrar had violated the law, but that would require evidence.

Mr. ILSLEY: No, that appears from the record. Under this provision the judge would be helpless, he would be unable to do a thing in the case of an incompetent or a crooked registrar.

Mr. CAHAN: That registrar is an officer of this house, and he is competent. The suggestion is that the registrar has placed a name on the list improperly. Well, there must be evidence to show that before the judge can remove the name from the list, and there must be evidence before a name is reentered on the list that the person is entitled to have it so reentered. And the only evidence required by this bill is "evidence satisfactory to the judge" adduced at such hearing.

Mr. GRAY: He is hardly a judge of appeal, he is more a judge of first instance.

Mr. CAHAN: He is a judge on appeal, he is ruling on the decision in the discretion of the judge of another court, a court established by statute of this parliament.

Mr. RINFRET: I want to stress again the point I made in the debate on second reading. I do not think my hon. friend is right, but even if he were I think this is a very improper time to amend the act. This bill if it goes through must go to the Senate, it must be sanctioned. There is the question of time. there is just the possibility that the bill may be sanctioned two or three days before the revision is over. Then the bill comes into force. What does that mean? It means that four thousand people must appear before Mr. Justice Greenshields to make good their right to remain on the list. Is that fair? I put it to the committee as I did to the house. Even if the bill be right in principle—I do not think it is—this is not the proper time to bring it in, because the intention is to have it acted upon this month. The revision will be over by the thirtieth of June, and there will not be time for that satisfactory evidence called for in the bill to be adduced before the chief justice. Would it not be much fairer to abide by the act as passed last year by both parties rather than pass an amendment which cannot be effective in the time, even if there were any merit to it.

Mr. CAHAN: I can only say we are abiding by the franchise act and its intention as we understood it when passed last year. We are making no amendment which will abrogate or alter the intention we then had. These electors, whom the hon. gentleman has mentioned, have had time since the thirtieth of April last—if any one of them wishes to show that he should be on that list he has had ample opportunity and notice to adduce evidence for that purpose before the registrar, and not one of them has ever produced a scintilla of evidence. He has also the right to go before the court and adduce affirmative evidence there, and I am not taking away that right. But the matter is far more important than that. These electors were on the list at the last revision, and it is now found in this

revision that four or five thousand of them are no longer resident in the constituency. They are in other constituencies, they are applying in those other constituencies to have their names on other lists. If they wish to remove their name from one constituency to another there is a short form provided by which that removal may be effected. But what I am objecting to is names remaining on the lists in any constituency, whether in Toronto, in which I understand in one constituency there are five thousand objections, or in Montreal in which there are these objections, names which facilitate impersonation and fraud. In order to prevent impersonation and fraud this parliament at the last revision provided that the names should be entered in urban constituencies according to the numbers of the street or avenue, and these numbers had to be consecutive; or if it were in an apartment house that the number of the apartment should be given. Now what have we? In the constituency of St. Lawrence-St. George I am told we have about twenty-five hundred applications from people to be placed on the new lists, and unless some such amendment is made we shall have such cases as several families, crowded on the list for one apartment, which we know can hold only one family; there will be the old family and another, and possibly a third family alleged to be occupying that one apartment when everyone knows that there are no such residents there. Whether we clean this up now or whether we clean it up at some future time there can be no objection to the principle and import of this amendment. It simply prevents persons, who moved out of the district long ago and lost their residential qualifications, from having their names on the list, to be voted not by themselves but by others who impersonate them and vote in their names fraudulently.

Mr. RINFRET: I have another argument to present to my hon. friend along the same line, having regard to the fact that this amendment is brought in too late and that the act should not be amended while it is in operation. My hon. friend seems to think all those names are going to be impersonated. I am not of that opinion at all. In every election you have on the list for your division the names of hundreds of electors who have moved since the list was prepared, and you have to look for them and tell them where they vote. It is possible that quite a number of the four thousand people should not be on the list in St. Lawrence-St. George but should be on the list in some other constituency. It is also possible—and I trust that my hon. friend will be perfectly organized in that respect—to tell these men where their vote belongs and see that they vote there. You cannot have perfect lists. I have presented the argument that the act we passed last year rather tended to bring about that situation, more so than the previous act.

Here is another point, and I wish to appeal to the minister once more before he insists on this bill passing. I say that if this amendment is passed and put into force it will leave only a few days for these four thousand people to produce satisfactory evidence that they should be on the list. Or it may be proved that they do not belong on the list and should not be there. They will be given no time at all in which to register on another list. The act provides a period of six weeks for a revision. Why? Because it does require a number of weeks, if a man's name has been taken off the list for St. Lawrence-St. George, for that man to see the other registrar in St. James or St. Mary and have his name put on this list. Even if it were true that most of these names do not belong to my hon. friend's division, by this amendment the hon. gentleman is going to disfranchise those people who have moved, because they will have no time to register anywhere else. That will be the effect of this amendment; four thousand people will be disfranchised just because they have moved.

Mr. CAHAN: The date fixed was April 30; under the provisions of the statute any objection must be lodged before April 30. The revision began on May 15. During the entire month of April any person who had taken up a new residence in any part of Canada could have applied to have his name entered on the list of the electoral district in which he then resided. That has been going on throughout April and May and on into June. I cannot speak except from information I have received, but I understand that in the constituency of St. Lawrence-St. George already there are over 2,500 persons who seek to have their names put on the new list. My hon. friend knows as well as I do that St. Lawrence-St. George comprises practically all the largest apartment houses as well as a great many of the smaller ones. It includes every class and condition of society, and there is a great deal of movement in that constituency. On any May Ist or October 1st a great number of people move out of St. Lawrence-St. George and a great many other people move in. This revision which is now taking place does not take off a single name of those who have moved out since May 1. April 30 was the last day for objections. A certain number of people moved out in the May movement. I cannot say where they have gone,

but they have not been deprived of the franchise. Those who moved out before April 30 deprived themselves of the franchise in that electoral district as the new revision began on that date. They are applying in other districts everywhere over the city, but they have no right to vote, they have no right to be entered upon the list of electors in my constituency, or in the constituency of my hon. friend, from St. James, or the constituency of the hon. member for Cartier unless resident there. This bill is perfectly fair and equitable. It deprives no person of a vote, except a vote in a constituency in which he has no right to vote. That is all. On the other hand it does give some control during the election of this vast system of bribery and impersonation that one has to stand up against in a constituency in Montreal.

Mr. JACOBS: The hon. gentleman has mentioned my name. Why is it that there is so much skullduggery and rascality in that one division of Montreal, St. Lawrence-St. George? I should like to know that, because I am the neighbour of my hon. friend and I do not complain about it nor do any of my opponents. My good friend from Mount Royal has a very large moving vote, yet no person seems to complain except my hon. friend from St. Lawrence-St. George. I should like to know the reason for that.

Mr. RALSTON: Once more I should like to ask the Secretary of State to reconsider the matter of putting this act into force so as to affect the present revision. My hon. friend has made some case for an amendment to the act so far as the future is concerned but I say he has made no case whatever for alleging that the judgment of the learned judge was wrong in law. We often have the experience of a judge deciding contrary to our own ideas and against the particular case we have presented, but we do not come to parliament to have an act passed in order to reverse that decision. All that happened was that the learned judge announced what in his opinion was the law, and under our system of stare decisis that becomes our law. I am sure my hon. friend realizes that this is in just the same position as if there were litigation between two parties. Two parties have gone to court and a decision has been given in favour of one of them. Instead of accepting that decision, because that has become the law, the other proposes to come to parliament and have that particular decision amended and overruled. I submit that this is an instance where a hard case is going to make bad law and worse legislation; I submit that the principle is bad, and I think my hon. friend will be the first to admit it. It may be that we are justified in legislating for the future in declaring, as the Minister of Justice has said, more clearly what was the intention of parliament, but the intention of parliament is taken from the words which we put into the statute. The learned judge, a most distinguished jurist—not an experienced judge but a most distinguished judge of the province of Quebec—has said that in his opinion the statute means so and so. That opinion having been given and that decision having been reached in favour of the people whose names were on the list, which names were sought to be struck off, I submit that my hon. friend has no right to ask this parliament to overrule that decision. I submit that the decision must stand, and if my hon. friend does not think that was the intention of parliament as he had it in his mind or as the Minister of Justice had it in his, then it is perfectly competent for us to amend the statute to apply to the future in order to have that situation remedied.

I do submit to my hon. friend that in this bill, just as in any bill that is passed amending the law, there should be a provision that this is not to affect pending litigation. That provision appears, as my hon. friend from his long experience, knows far better than I do, in many measures. I submit that exactly the same principle should apply here, and that the Minister ought to add to this section a subsection providing that this section is not to affect any revision which may be in progress under the Dominion Franchise Act, at the time of the coming into force of this act.

Then the minister has pointed the moral by the cases he has cited, and he has given notice to everybody who may be affected by the act that he must show such and such a thing to the judge.

Mr. ARTHURS: What about the dead ones?

Mr. RALSTON: That will always happen; no revision is perfect. Does the hon. member suggest that we come to parliament solemnly to legislate dead persons off voters' lists? There is a perfectly competent and distinguished jurist who has decided that the law we passed does not cover that case. There is no reason why we should pass a special act to strike the names of some dead persons off the list. I suppose there are irregularities in almost every constituency; some decisions may be made by registrars or judges which may not be to the liking of a candidate or sitting member. Surely we do not come here

to amend those conditions and to constitute ourselves a court of appeal from every decision of every officer who has judicial discretion under this act.

Therefore I say to the minister that having regard to the principle, and leaving aside the merits, he has stated he is perfectly willing to accept the situation as it is. Let him do it, then. Let us say the minister was unlucky in the decisions in his constituency—but that does not justify parliament in legislating or changing the law and depriving people of certain rights they had, as those rights have been laid down and determined by a judge. Therefore I move the following amendment:

That there be added to section 1 the following subsection:—

(2) This section shall not apply in respect of any revisions which may be in progress under the Dominion Franchise Act at the date of coming into force of this act.

Mr. CAHAN: Mr. Chairman, there are no two parties in this controversy before Mr. Justice Greenshields. Not a single elector, or alleged elector to whom objection is made has made an appeal to Mr. Justice Greenshields. The gentleman who made the appeal had no personal knowledge or acquaintance with any of these electors. He simply wrote out on a sheet of paper words indicating that he was appealing for all of them. This amendment does not take from the list the names to which I referred this afternoon. If and when the bill is enacted it will not affect any prior decision of any judge in any part of Canada. Therefore the point the hon. member has in view in connection with pending litigation, is entirely preserved. This bill would not affect a pending appeal.

Mr. RALSTON: Yes it does.

Mr. CAHAN: It does not affect any appeal which has been decided, and there are no other pending appeals.

Mr. RALSTON: It affects any appeal which has not been decided. It changes the law as it was laid down by Mr. Justice Greenshields, in connection with appeals.

Mr. CAHAN: I can tell the hon. member that at the present time there are no appeals pending.

Mr. RALSTON: Well then, there can be no objection to accepting my suggestion.

Mr. CAHAN: Possibly the bill should not apply to appeals which have been asserted at the date it is enacted. Then, there is a further point—and I am not going to get into any further controversy with the hon. member for Quebec South.

Mr. POWER: Oh, no.

[Mr. Ralston.]

Mr. CAHAN: It would be well for parliament to declare its intention, because there are scores of constituencies throughout Canada in which judges are sitting and for some days and weeks will be sitting on appeals.

Mr. GRAY: The language in the act is quite simple. I find these words "They shall be heard and determined in such summary manner as the judge shall deem proper."

Mr. CAHAN: That deals with the "manner," but it does not say that the judge has the right to declare that the statutory discretion of a junior judge or junior court has been improperly exercised.

Mr. RALSTON: It does not say he has not the right.

Mr. CAHAN: But that is what has been assumed.

Mr. RALSTON: But it does not say he has not the right. He hears it as an appellate court, and an appellate court has the right to overrule the judgment of the lower court.

Mr. CAHAN: He has the right to overrule that judgment on any evidence which has been submitted to him only after hearing new evidence.

Mr. RALSTON: Or through lack of evidence.

Mr. GRAY: It is just an ordinary case.

Mr. CAHAN: But in this instance the names were not then on the list. On his own intuition, shall I say, he has undertaken to order that names be inserted on the list which according to the evidence may not properly be inserted upon it.

Mr. RALSTON: No, no.

Mr. CAHAN: I say that.

Mr. CASGRAIN: Where is the judgment?

Mr. CAHAN: That is the judgment.

Mr. POWER: He ordered to be reinserted names which my hon. friend's friends took off the list.

Mr. CAHAN: No, they did not. I have no friends in the matter, at all. Anyone will admit that the registrar in the electoral district of St. Lawrence-St. George is a man of the highest possible repute in the French-Canadian race.

Mr. POWER: I am not saying anything to the contrary.

Mr. CAHAN: And there is no partisanship or prejudice in respect of his decision.

Mr. ILSLEY: I wish to understand the legislation before us, because it appears to me the proposed change goes entirely too far. As I understand the situation one may apply to a registrar either to add or to take off names. He makes his decision on certain evidence adduced before him. An appeal from his decision either to add or to take off names goes before a judge, who may decide the appeal in a summary manner. I believe the act states that it shall be heard and determined by a judge in such summary manner as the judge shall deem proper. The appellate court may simply read the record of what was sent up from the lower court. It is one thing to look at the record, and it is another thing to hear the evidence. This change would deny to the court of appeal the right of every court of appeal to ascertain from the record whether or not the decision of the lower court was wrong. This condition does not apply only to the constituency of St. Lawrence-St. George. There may be appeals in my constituency from the registrar. I believe that there the appellate tribunal is the county court judge. There may be occasions on which the registrar has manifestly acted improperly. That is, he has given a decision either on no evidence or insufficient evidence. It should be competent for a superior or county court judge hearing an appeal simply to state that there seems to be no evidence or insufficient evidence. It should be competent for him to say "I reverse the registrar, and place it in the position where it was before the registrar acted." Under the bill he could not do that; he could not lift his finger. He could not do one thing in connection with a decision made by the registrar which was manifestly wrong, unless evidence were adduced before him.

Mr. POWER: In each single case.

Mr. ILSLEY: Yes, in each case. To my mind it is an objectionable piece of legislation. I do not know what the particular position is in St. Lawrence-St. George, but I say we should not have a law whereby the judge shall not rescind a final ruling of the registrar, except evidence has been adduced at the hearing before the judge. It may be negative evidence. It may be evidence that such person is not a qualified elector whose place of residence is in such a polling division. It should never be the law that evidence must be adduced at the hearing before the judge. There may be hundreds of cases where no evidence will be necessary at all, and where it will be manifest from the record, without any evidence, that the registrar was wrong.

Mr. GRAY: Would the Secretary of State please answer the hon. member for Hants-Kings? Surely he has given a reasonable interpretation of the act, and I would like the Secretary of State to give his.

Mr. CAHAN: The answer is so clear that there can be no need for me to arise to give it, but if the hon. gentleman will take his seat I will answer.

Parliament has appointed a commissioner. The commissioner under the authority of parliament has appointed registrars of courts of revision; these are the judges of that court, and parliament has ordered these judges on prima facie cases to exercise their discretion in adding or removing names, with this proviso, that when the registrar has found that a prima facie case has been made he must so declare and give opportunity to any elector or anyone in his behalf to adduce evidence to the contrary. Then the burden of proof is entirely shifted. Under the act as it is now the moment the registrar declares that a prima facie case has been made and has said, "I will adjourn to hear any evidence that may be adduced against my decision that a prima facie case has been made out," then the burden of proof is shifted to the person whose name is to be added or removed as the case may be. Now on appeal from that decision I suggest that no court has the right to interfere with a statutory discretion vested in the registrar, but the onus remains where it was when the registrar gave his decision to add or remove a name, and that onus of proof is not changed by reason of an appeal of some third party to a judge of the superior court. When the case reaches the judge of the superior court he must make his finding from the evidence adduced before him. If there is a record it can be brought before him; if there is other independent evidence it can be adduced before him. But this bill declares that the evidence so adduced must satisfy the judge as to the decision which he may give. The onus is shifted. If he decides that the name shall be reentered on the list or that it shall be removed, he cannot do so without new evidence. Evidence must be brought before him that the elector is qualified or disqualified. It does not matter whether the evidence brought up from a lower court is satisfactory or not, but there must be new evidence adduced as to the elector's qualification which satisfies the judge that that name should be reentered on the list or that that name should be removed from the list. By this bill I have left it entirely in the judgment of the judge, but his decision must be on evi-

dence adduced at the hearing, which he declares to be satisfactory to him, otherwise he cannot override the statutory discretion of the registrar.

Mr. POULIOT: Mr. Chairman, I have listened very carefully to what the Secretary of State has just said, but I have understood nothing of what he has said. Will he be kind enough to make it clear? I have not understood a word of what he has said.

Progress reported.

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

After Recess

The house resumed at eight o'clock.

MONTREAL SHIP CHANNEL

Hon. ALFRED DURANLEAU (Minister of Marine): With the unanimous consent of the house, I should like to revert to motions in order to file the interim report, interdepartmental, of the Montreal ship channel water levels board, with a summary in both English and French.

PRIVATE BILLS

CORNWALL BRIDGE COMPANY

The house resumed, from Friday, June 14, consideration of the motion of Mr. Stewart (Lethbridge) for the second reading of Bill No. 108, respecting the Cornwall Bridge Company.

Mr. F. T. SHAVER (Stormont): When I moved the adjournment of the debate on Friday evening last I said that it was my desire to oppose this bill, and I wish to place before the house as briefly as possible some of the reasons why I am opposed to the second reading.

This bill, respecting the Cornwall Bridge Company, is for the purpose of giving an extension of time to the company for beginning the construction of their bridge. I regret very much that the hon. gentleman who sponsored it did not indicate to the house the purpose of it nor give any idea of the proposal he is placing before us. The proposed bridge is supposed to start from a point in Glengarry county and to be erected across the St. Lawrence to St. Regis island, a road to be constructed on the island, and another bridge at the western part of the island leading to the province of Quebec. The act incorporating the Cornwall Bridge Company was passed in 1930 and was assented to on May 30 of that year. Under the terms of that act the company had two years within which to present their plans to the governor in council for approval and they had three years after that to begin construction. They made very definite promises to the people of Stormont county, to the people of the town of Cornwall and to the residents of Glengarry that immediate construction would be started in 1930. They made glowing and definite promises. It was said that hundreds of men were to be put to work immediately, large quantities of material were to be used, and a bridge across which thousands of tourists would move in an uninterrupted stream would be constructed in a short time for the benefit of the people of eastern Ontario. The company, however, waited the full limit of two years before submitting their plans, because those plans were not approved by the governor in council until May 31, 1932. Then they had three years from that time to begin construction.

Speaking as a layman without any legal knowledge whatever, it seems to me that their act is now null and void and was after May 31, 1935, because they took no steps at all to carry out the provisions of the charter and did absolutely no work. When the people of Cornwall found that no effort was being made by this company to carry out the promises they had made to the town to begin work under the charter, the business men, the board of trade and the town council, acting in co-operation with the chamber of commerce of the town of Massena in New York state took steps to have the railway bridge planked for vehicular traffic. This railway bridge across the St. Lawrence has been in existence for nearly forty years. Mr. Horovitz of Cornwall, who was then mayor of the town, was one of the very active promoters of this scheme. It was necessary that an act should be passed by the House of Commons giving the Ottawa-New York railway and its lessee the New York Central Railway Company power to lease this bridge to another company who might use it for purposes of vehicular traffic. I had the honour of sponsoring that bill in the house myself. It passed at the session of 1932 and was assented to on May 26 of that year. There was considerable opposition to that bill when it was before the senate committee and I was of the opinion, as many supporters of the bill were, that that opposition was engineered by the proponents of the Cornwall Bridge Company, who adopted a dog in the manger attitude. They did nothing to carry out the terms of the charter which they had received two years previously but they were endeavouring to prevent the planking of an existing

bridge for vehicular traffic. The bill was passed in 1932 with amendments safeguarding the rights of the Canadian government, and it gave the New York Central Railway authority to lease their bridge to a toll bridge company to be used for vehicular traffic. Concurrent legislation was passed in the United States, giving authority at that end. The bridge was planked, the approaches were built and an excellent paved road was constructed on Cornwall island in 1933. Early in 1934 the bridge was opened for traffic—on May 17, 1934, to be exact. The official opening took place on June 30, 1934, when the bridge was opened by His Excellency the Governor General and the Hon. Mr. Dern, United States Secretary of War, representing the President. Others present were: Her Excellency the Countess of Bessborough, Bishop Couturier of Alexandria, Bishop Roper of Ottawa, Hon. J. A. Macdonald, representing the Prime Minister of Canada. There were also present the mayors of several American and Canadian cities and towns and many other distinguished visitors.

I have had placed on the desks of all hon. members copies of a folder showing the bridge. Now let me point out that this is an actual bridge, something in existence; it is not merely the figment of someone's imagination, the imagination of some promoter who wants to sell stock to the unsuspecting Canadian public. It is a bridge which is and has been for over a year in actual operation, and there were conveyed across it last year thousands of cars, all safely and expeditiously. The bridge is in two sections, one across the northern channel of the St. Lawrence. Then there is a very fine paved road across Cornwall island, the bridge then crossing the south channel, there being a section across the Raquette river on the American side. Every possible safety device has been installed—gates, automatic signals and guards and a telephone, so that every precaution is taken for the safety of the travelling public. These safety devices were all approved by the board of railway commissioners.

The proponents of this Cornwall Bridge Company, which is so far only a paper bridge, have used the argument that the existing bridge, which has been planked, is not wide enough for two-way traffic. That is an entire misstatement, because I myself have crossed it several times and I know that there is absolutely no difficulty for two automobiles to pass each other on the bridge. They also state that owing to the fact that it is an international bridge an accumulation of traffic piles up on the bridge while cars are passing through the customs. That also is a misstatement, because both the Canadian and the United States customs offices are built on Cornwall island, where there is plenty of room; there is adequate parking space and a sufficient number of officials to handle the traffic expeditiously.

Many hon. members of this house have crossed the bridge since it was opened last year, among them being a very distinguished member of the House of Commons in the person of the leader of the opposition (Mr. Mackenzie King) who crossed it this spring and who, I am sure, can give evidence as to its thorough efficiency and safety. In the first year of operation, from May 17, 1934, to May 16, 1935, 60,000 vehicles, mostly passenger automobiles, crossed the bridge. This bridge is adjacent to one of the most beautiful sections of the St. Lawrence river. One of the important points in all our efforts to attract tourist traffic to Canada is in my opinion the impression which the tourist gets when he first enters this country.

I trust many hon. members have read an editorial which was published a couple of weeks ago in the Ottawa Journal and which advised the citizens of Ottawa that if they wanted to take a drive of great scenic beauty, they should go south along the Morrisburg highway to the St. Lawrence and then down to Cornwall. On the drive along number two highway are some of the most beautiful spots on the whole St. Lawrence river. You pass historic sites like the old battlefield of Crysler's Farm and the Long Sault rapids, perhaps the most spectacularly beautiful spot we have on that river. Then you pass wooded islands and see away to the south the farm homes and villages of our great sister nation. Those coming into Canada over the Cornwall bridge—and when I speak of the Cornwall bridge, I am referring to the bridge which is now in operation and across which thousands of tourists are coming—get a very fine impression of this country. Looking to the west they see a very prosperous section of the county of Stormont, and looking to the east there is spread out before them in a panorama the fine industrial town of Cornwall. They can see directly in their line of vision two or three of the largest industries in that town.

Therefore my first argument is that it would be a most ridiculous idea to build another bridge seven miles away from the present one. It would be designed entirely to attract traffic from the same section of the United States. There are of course along the St. Lawrence other places where it would be

reasonable that a bridge might be built, say fifty or seventy-five miles away from the one at present in operation. In addition to that, the Cornwall bridge is a commercially feasible proposition because it was already there; it has been there for nearly forty years, being used as a railway bridge, so that it necessitated a capital expenditure of only $350,000 to plank the bridge, to build the approaches, to construct the roadway on the island, and to fit the bridge up so as to accommodate vehicular traffic. The bridge proposed in the bill now before the house, it is suggested, will require an investment of $3,250,000. We know no undertaking of this kind has ever been put into effect without the actual cost running far beyond the estimate. We will say that there is an increase of approximately 25 per cent when the bridge comes to be built, making a total cost of about $4,000,000, which would be a very moderate increase over the estimate of the company's engineers. I believe all hon. members will agree that it would be impossible in connection with such a highly speculative enterprise to sell bonds that would bring less than five per cent, and to pay five per cent on an investment of $4,000,000 would require an annual revenue of $200,000 without allowing one cent for cost of operation or any other incidental costs.

If we use the same toll rates as those in effect on the bridge which is at present in operation, the average return from an automobile crossing the proposed bridge would be in the neighbourhood of one dollar, because it will be noted that there is a special trip rate for an auto and driver of $1.25 if he makes the return trip within twenty-four hours, or an average rate for the one-way trip of sixty-two and a half cents, which brings the average rate down to the neighbourhood of one dollar. Therefore it would require an annual traffic over this bridge of 200,000 cars to pay the interest charges alone. If you increase the average rate for automobiles to $1.25, this would require 160,000 cars.

I desire to give the house some figures so that it may form an estimate as to the traffic that might be expected on this proposed bridge if it were ever built. I know there will be quoted by the hon. gentleman who is sponsoring the bill, traffic experts who give highly optimistic reports of what might be expected and who will probably give you any type of report you are looking for; but I want to quote actual figures of the cars which crossed the whole international section of the St. Lawrence in 1934. This includes all the traffic over the Cornwall bridge from May 17 to December 31, 1934, the traffic across the ferry at Aultsville, the ferry at Morrisburg, the very important ferry at Prescott which is directly opposite the city of Ogdensburg, the ferry at Brockville, the ferry at Rockport and the ferry at Gananoque. The total traffic in that section was 150,997 cars including return trip cars. Therefore if all these ferries and the Cornwall bridge were closed and if the proposed bridge had all this traffic, it would be $50,000 short of meeting its interest charges alone. I understand the promoters of this bridge themselves estimate the cost of operation at $90,000 per annum, and in addition to that there would be charges for taxes and many other incidental charges. I am sure therefore hon. gentlemen can see that from a financial standpoint this would not be a commercially feasible proposition. I think it is a well known fact that there are not very many toll bridges or tunnels that at the present time are meeting the interest charges on their bonded indebtedness, but the favourable situation of the bridge which is described in the folder, the one which has been in operation for a year, is that a very small capital expenditure was required. The bridge that is there required a capital expenditure of only $350,000 to fit it for vehicular traffic in addition to the rental which is paid to the owners of the bridge.

As I stated before, the bridge proposed in this bill is to be only seven miles east of the present Cornwall bridge. Last year the house passed a bill to give a charter for a bridge at Ivy Lea near Gananoque, and I understand there is also in effect a charter for a bridge at Brockville. At those points there would be a reasonable expectation of a bridge paying because those points are sixty or eighty miles from the present bridge, but it appears to me to be the height of absurdity for any company to expect any reasonable financial return from the building of another bridge within seven miles of one that is now being successfully operated.

The people at Cornwall and in the vicinity are well satisfied with the present bridge; it brings a large number of tourists to our section of the country and it is within a mile of the centre of the town, but the bridge proposed under this bill would divert traffic from Cornwall; it is located five miles east, and all the tourists coming into Canada on their way to Montreal and on the way back from Montreal to the United States would never see the town of Cornwall at all.

I am sure the hon. gentleman who is sponsoring the bill will tell the house that one of the greatest features in favour of the proposed bridge is the fact that it is constructed entirely in Canadian territory, but before he finishes,

if he attempts to show how successful the bridge will be, he will quote not figures of local traffic flowing back and forth, but figures of traffic from the United States, showing that the bridge is designed entirely for tourist traffic. Therefore, what particular advantage is there in having it located entirely in Canada? Furthermore, there would be no particular advantage for those tourists who would enter at Hogansburg and other points along the border of Huntingdon county to cross the bridge and go down the north shore of the St. Lawrence. The great majority of them would use the very excellent roads in Quebec which are on the south shore of the St. Lawrence and would cross to the north shore at Châteauguay or by one of the bridges close to Montreal.

In my opinion there are only two purposes that can be in view in asking this extension of time. I am absolutely satisfied that the promoters have no intention of building a bridge. Is it a commercially feasible proposition? I think it would be very difficult for them to finance it. But there are two possible objects they might have in mind: first, to sell stock or bonds in what is, to say the least, a highly speculative enterprise, or, second, to use the charter for its nuisance value against the company operating the present bridge. I think it is a duty of this house so far as possible to protect the investing public. That was one point upon which the price spreads commission laid particular emphasis. I listened with careful attention to the excellent speech made the other day by the Secretary of State (Mr. Cahan) and also the very able speech of the hon. member for Hants-Kings (Mr. Ilsley), and I noticed that while they differed perhaps on some fundamental points, they were of one mind, as are other hon. members, that the Companies Act should protect the investing public as far as possible. And when any private bill is introduced I think it is just as much the duty of the house to see that the investing public is protected. When we think of the widows left with perhaps only a little life insurance to last them to the end of their days, or with which to raise a family, or old people who by a life of toil have saved a little money, we should not give to a corporation like this the opportunity to send out high pressure bond salesmen through the country in remote parts of Canada where people would have no idea of the traffic that may be expected over the river at this point, and who would paint a glittering picture of the returns to be expected. It is the duty of this house to vote against a measure of this kind that would make that sort of thing possible. I owe a duty to my constituents and I believe they are very adequately served by the bridge at present in operation, which gives excellent service and with which they are satisfied.

Therefore, to place on record my opposition to this bill I move in amendment, seconded by the hon. member for Glengarry (Mr. McGillis), in whose constituency the Ontario end of this proposed bridge would be situated:

That the word "now" be left out, and the words "this day six months" be added at the end of the question.

Mr. ANGUS McGILLIS (Glengarry): In seconding the resolution to give this bill the six months' hoist, I desire to make some observations.

The people of my constituency were promised in 1930, when the Cornwall Bridge Company were granted a charter, that construction would begin immediately, thereby giving employment to a large number of people. Five years have elapsed and no effort has been made by the promoters to carry out either the promises made in 1930 or the terms of their original charter. In the meantime a very satisfactory roadway for vehicular traffic has been opened over the New York Central Railway bridge at Cornwall, which has all the necessary accommodation for the travelling public, in my opinion sufficient to carry all the traffic there will be at that point for many years to come. This proposed bridge has been stressed by the promoters as an "all-Canadian bridge," but I fail to see the significance of this argument, as the promoters themselves stress its value from the standpoint of tourist traffic, which is international. During the last five years the Caughnawaga bridge has been opened, linking up a great avenue of traffic between Montreal and the south shore of the St. Lawrence. The Peace bridge at Fort Erie and the Ambassador bridge at Windsor are both international and link up large centres of population.

In conclusion, I may say that in my opinion the bridge proposed in this bill would never be a paying proposition and I have absolutely no faith in the idea that it will ever be constructed, even if given this extension of time.

Mr. T. L. CHURCH (East Toronto): This company was incorporated by this parliament in 1930. In days past it was very popular to grant these franchises for international and interprovincial bridges. But that day is past. When the bills for the Detroit river tunnels and bridges were before this parliament I strongly opposed them in the standing committee on railways and canals. Franchises were handed out to railways and corporations all

over Canada for works some of which could not by the widest stretch of imagination be said to be for the general advantage of Canada, and this bill is of that type. The bill for the Detroit river tunnel was supported by the Canadian National Railways, and as a result of the hand out policy of that time when this parliament had what they call "big eyes," we have the railway bungle in which the country now finds itself as a result of all these franchises granted so readily, and three transcontinental railways.

Following those errors a royal commission was appointed in 1917, to investigate the whole railway and bridge problem, consisting of A. H. Smith, then general manager of the New York Central Railway, W. M. Acworth, an eminent English engineer, and Sir Henry Drayton, then chairman of the board of railway commissioners. In their report they referred to bills of this description and recommended that before any franchise be given or extended to cross interprovincial or boundary streams the proposed bridges should first be reported upon as to their utility, method of construction, and rates and tolls to be charged by the Board of Railway Commissioners for Canada. In another section they said that before any extension of such charters should be granted the proposal should be reported upon by the board of railway commissioners.

Are we going to treat that report as a scrap of paper? In 1930 when this particular bill was before the house they showed a large map. Here is a map they have now, and they use the name of Mr. Roosevelt, President of the United States, which they probably think will be of some value to them. No doubt the boards of trade of Montreal and Toronto have been circularized. Ten years ago there was a much more elaborate map of this bridge hung on the walls of the railway committee. At that time they were handing out franchises for bridges all over; there was scarcely anyone who did not know how to play "bridge." I do not know how to play it; I have seen it played in the opposition and government lobby and in this lobby, but I do not know anything about that kind of game. I am glad I do not, because you can lose money in other ways than in a bridge game. This company seem to think they have lost a lot of money; they are pleading the financial situation as a reason for holding this paper franchise over until 1937. The Lord created the wonderful natural resources of the St. Lawrence river, and for all His creatures, not for private greed and gain. Yet the

powers on that river were given away to every Tom, Dick and Harry who asked for them. The Lord intended all the blessings of the river, light, power and transportation, for all His creatures and not for private individuals who have exploited that river ever since the days of The Company of One Hundred Associates.

This Cornwall company should be denied this privilege. This act was passed in the spring of 1930, under the late government, and the bridge was to be built within three years, or by 1933. Now it is 1935; they have spent little or no money and they propose to take until 1937 to commence work on the bridge. If the matter comes to a vote I will vote against any extension of this charter. This bill was initiated over in the senate. I am glad the senate have started initiating something this session, but bridge bills like this and divorce bills are about all this wonderful senate have initiated. To-day the senate is nothing but an anachronism. If this is the best and only legislation they can send over here in days like this all I can say is that the senate will be a bridge of sighs, back in the constituencies of this country. The other day I attended one of the senate committees, and I must say that I was surprised at the way they do business over there. They need a Gilbert and Sullivan to describe the way they amend our bills and bills like this and other bills that I saw being considered the other day.

Mr. SPEAKER: The hon. gentleman should not refer to what has taken place in another chamber.

Mr. CHURCH: I accept your ruling, Mr. Speaker. I am not reflecting. No one can reflect on the senate; reflections are a bit late. This bill should not pass this parliament. If you look at the map accompanying the bill on everyone's desk here, you see a red ring drawn around the St. Lawrence river; they have thrown out the lasso and lassoed as far as Cornwall. The ring has not extended as far as Ottawa yet. We have heard of other rings in connection with Montreal, but this red ring in connection with this bridge map has missed both Ottawa and Montreal. Look at what has been done by the senate of the United States to keep bills like this out of that chamber; look at the social legislation that has been initiated by the senate of the United States and here in Canada. I am surprised to find bills like this sent over here from the other chamber. We should go over the books and eliminate every paper franchise that still exists in con-

nection with railways, canals and bridges all through the country. No wonder we have a railway bungle on our hands. Who will say that, in view of the unrest and the difficulties in connection with transportation that we have at present, we should seek to create or preserve or extend these paper franchises in connection with the St. Lawrence river, which has been the home of private ownership and greed since the day of The Company of One Hundred Associates?

Mr. J. S. STEWART (Lethbridge): Mr. Speaker, owing to circumstances over which I have no control, and denying any and all responsibility, I am the foster father of this bill. As was stated by the previous speaker, this measure originated in the Senate and, I fancy, after due consideration and investigation it was passed by that honourable body and sent to this house for consideration. The proponents of the measure are most anxious that this bill should be sent to one of the standing committees of the house in order that explanations may be given as to what work has been done and what investigations have been carried out, and also as to the cost of the bridge and the revenues which may be derived from it. I am further informed that not only will it cost some millions of dollars but that it will give work to a thousand Canadians for more than 360 days. If any construction can be undertaken at this time that will give that amount of work to that number of Canadians it seems to me nothing should be put in the way of the construction of the bridge. Therefore I would respectfully ask the house to give the bill second reading and allow it to go to one of the standing committees for further investigation.

Amendment (Mr. Shaver) agreed to on division.

Motion as amended agreed to.

DOMINION HOUSING COMMISSION

PROPOSED LEGISLATION PROVIDING FOR ASSISTANCE IN THE CONSTRUCTION OF HOUSES, SALARIES OF COMMISSIONERS AND STAFF AND ADVANCES

Right Hon. Sir GEORGE PERLEY (for the Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to establish a dominion housing commission and to assist in the construction of houses, and to provide for the salaries of the commissioners and staff, and for the payment of expenditures, and for advances for the purposes of the proposed legislation.

Mr. WILFRED HANBURY (Vancouver-Burrard): Mr. Speaker, before you leave the chair, there are certain observations I should like to make on the resolution. It was my privilege to serve on the special committee on housing, and therefore to be given the opportunity to gather information for the consideration of this problem. I believe I could sum up my thoughts most satisfactorily by referring to the evidence given before the special committee on housing on April 4, 1935, by Doctor W. C. Clark, Deputy Minister of the Department of Finance. I shall refer particularly to his evidence as it appears at page 357, at which point he summarizes the findings he placed before the committee.

Mr. POULIOT: You do him a great honour.

Mr. HANBURY: His summary is as follows:

(1) It would not accept hasty commitments in regard to the most difficult and complicated phases of the housing problem on which other countries have been working (without too much success) for a generation or more. Nevertheless, it would provide machinery for taking the first steps towards a rational and permanent solution of the whole problem.

(2) It would make possible a substantial volume of construction which would provide a stimulant to business recovery and absorb a considerable number of the unemployed.

(3) It would make possible a large volume of construction without pressing with undue heaviness upon an already over-burdened public exchequer. For instance, a $10,000,000 appropriation by the dominion government would make possible a $50,000,000 construction program.

(4) It would provide federal funds in the junior mortgage position where private funds are not obtainable at all, or if obtainable, only at prohibitive costs.

(5) It would make use of private lending agencies instead of driving them out of business, but it would provide for a financial set-up which by the pooling of individual mortgages and the maintenance of proper margins, would make possible the securing of all the funds required on a reasonable cost basis. In other words, the individual mortgage would be liquefied and made a readily marketable credit instrument.

(6) It would provide for control in such a way as to assure the carrying out of the program on a sound and business-like basis.

I wish particularly to emphasize article No. 4 of Doctor Clark's summary:

It would provide federal funds in the junior mortgage position where private funds are not obtainable at all, or if obtainable, only at prohibitive costs.

I should like to read further from the evidence given by Doctor Clark:

It is possible that instead of the federal government coming in there on a central

housing board to buy the preferred stock of these local housing corporations, you might provide for the setting up of an insurance corporation to guarantee the last twenty per cent of an eighty per cent mortgage.

And further down on the page:

... and then provide this national insurance corporation which would guarantee that last twenty per cent, then you would have a scheme which would, in effect, give you the same results as the plan I originally outlined, but possibly a little simpler.

It is through the medium of the federal government placing itself in the junior position of mortgage holders that I suggest we may best lend a stimulus in the matter of encouraging the construction of houses for immediate relief of the unemployment situation.

We had many proposals placed before us, but I believe the function of any government, as outlined in Doctor Clark's evidence, is in the first place to avoid the socialization suggested by many of the witnesses. We had suggestions to the effect that the government should go into the house construction business, and furnish all the funds therefor. We had the suggestion that the funds should be furnished at practically no cost to the people. I believe there is money in Canada which could go to provide all the housing required. In my view one of the reasons the money is not available at the present time is to be found in the legislation passed by many of the provinces. If the moratoria in the various provinces were lifted there would immediately become available money for loan purposes in connection with the construction of houses. I cannot see wherein this parliament should lend itself to placing money in the various provinces through this or any other scheme when we have no protection from the provincial moratoria now existing or to be placed in the future.

The report of the committee has recommended the establishment of a housing authority. We considered the use of the expression "housing commission," but it was the opinion held by a majority of the members of the committee that it was not a commission we wanted, but rather an authority. Interpreting the recommendations made before the committee by Doctor Clark I can see no necessity for setting in motion the ponderous machinery of another commission. If we wished to establish an insurance corporation to underwrite the junior securities of these mortgage companies I believe the Department of Finance could function in that particular, and it would not be necessary to have a commission for that purpose.

[Mr. Hanbury.]

It is true that if we are going to give consideration to slum clearance and to other problems we must have some body or authority to make a thorough investigation, because the question of slum clearance is quite involved. It will require considerable investigation and much in the way of legislation on the part of municipalities, provinces and federal authorities. So I say we shall have to have some body to investigate slum clearances. But to my mind there is no necessity for a commission; an authority under some department of government could undertake that work. If we are to accept the recommendation of Doctor Clark, or give it the consideration to which it is entitled, there is no necessity for a commission. The Department of Finance or some other department could place these insurance funds as well as any other body.

I turn again to Doctor Clark's evidence, and in particular his reference to slum clearance. At page 354 I find the following:

It would be wise to avoid any hasty commitments in regard to the most difficult and the most complicated aspects of housing; for instance, the problem of slum clearance, that problem seems to me is going to take a great deal of cooperation between provincial and municipal authorities, and dominion authorities probably. It is going to involve a good deal of legal and other considerations. It is going to involve a lot of cost. I do not think it is a problem that we ought to jump into hastily. If we did I think we would quickly be saddled with a very heavy loss, so far as that long-run problem is concerned. I would suggest that you recommend further investigation, however, by some central housing body to be set up, or by some appropriate body. I would like to have a start made on the solution of that problem, but I would not jump too far into it over night.

I read that statement to support my suggestion that if we are going to accept Doctor Clark's recommendations there is no necessity at the present time to establish another commission. If we did establish a commission, by the time they had their machinery in operation months would have passed. On the suggestion which Doctor Clark has made and which I support, I can see no reason why, through the use of existing channels such as mortgage and loan companies, the money could not be put into circulation for this purpose at an early date. I do not see why we should not consider using the established institutions. They have over a period of years developed a personnel to the point where they understand the lending business thoroughly. I think it is fair to assume that it is not our purpose here to give our money away. Rather we propose to lend money for legitimate purposes, and, Mr. Speaker, I want to accent the

word "lend." We do not propose to give money away. We are going to lend money, and if we are going to lend money it must be lent on an economic and sound basis. I repeat that the existing loan and insurance companies have their personnel who have been well trained in the lending business over a period of years.

The existing loan and insurance companies have large sums of money available. If we can assist them and assist ourselves at the same time by having these provincial moratoria raised, the loan and insurance companies would have money available to lend up to fifty or sixty per cent of the total value. I think it is reasonable to assume that no member of this chamber or anyone else who is active in the interests of the people would suggest that any money should be put out to any individual or company which did not have in the first place a reasonable amount of its own to add to the amount they were borrowing. I suggest that a minimum of twenty per cent should be required of any individual or company before any amount was lent to them for construction purposes under this housing scheme. With that money available on the part of the borrower, if the existing loan and mortgage companies would add to that fifty or sixty per cent of the total amount required, then if through this insurance company which has been suggested the balance of the money, probably fifteen or twenty or even twenty-five per cent was made available, I think on that basis we would have a sound and businesslike proposition. If we require people to put up their own money I think we will have a sound, businesslike proposition. If we leave the insurance and loan companies, with the experience they have had in these matters, in charge of this affair, we need have no fear that our money will not be properly spent, and we need have little fear of politics entering in or of bureaucracy which undoubtedly will creep in if we have a commission.

There was one other point which was made before the members of the committee. We were told of the necessity of providing homes for the underpaid workers which they might rent on a basis that was not economically sound, on a basis that would not give a fair return to the investor. I prefer, Mr. Speaker, to look at that problem in a different light. I think our duty here, instead of relegating these people for all time to the position of underpaid workers, instead of expecting to have underpaid workers in Canada for all time, is to see that our workers are properly paid so that they can provide their own homes, and for that reason I think we must take into consideration the general conditions in Canada. Under present conditions even the higher paid worker is not able to provide his own home. So the question of housing is not simply a question of providing money. It is a question of general conditions, and as general conditions improve and when they do improve, as I am sure every person believes they will, housing is not going to be the serious matter it is to-day. I should be very sorry to see the government go into a general policy of socialism based on the general conditions to-day. The fact there is a large number of people in Canada who cannot provide proper housing for themselves does not in my opinion justify a policy for all time to meet these special conditions of to-day.

I come back to my point that an authority under one of the departments of government could meet this situation and could probably make the funds available much more quickly than if we attempted to establish another commission at this time. I am going to suggest to the government that they give very serious consideration to letting the Department of Finance or some other department of government try it out—not necessarily the Department of Finance, but some department. It will be only a matter of a few months before parliament will be meeting again and if in the meantime the department has not been able to meet the situation as they should have done, it will be an easy enough matter to establish a commission. At present I think we have too many commissions and I believe the general public are coming to be of the same opinion.

Sir GEORGE PERLEY: Mr. Speaker, I cannot speak at the moment but I should like to say that in committee I shall be glad to explain the points that have been raised by the hon. gentleman. I am glad to see that he is ready to support the bill as it is drafted.

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, like the hon. member who has just taken his seat (Sir George Perley) I think it would have been better if the hon. member for Vancouver-Burrard (Mr. Hanbury) had raised his questions in committee, but in view of the fact that he has raised them in the manner he did I should like to say a word or two in reply.

First of all it is extremely difficult for me to follow his argument, if it was an argument at all. It was totally against the report of which he himself as a member of the committee approved.

Some hon. MEMBERS: No.

Mr. HEAPS: That is my opinion. I was a member of that committee and I think it is most unfair for any member to extract from the report the evidence of one particular witness and then try to make it appear to the house that that evidence was the consensus of all the witnesses who appeared before that committee.

Mr. MACKENZIE (Vancouver): He did not say so.

Mr. HEAPS: I know he did not say so, and that is why I say his remarks would have come better in committee of the whole instead of on the floor of the house, and that is why I rose to reply; for if anything could be taken out of the evidence submitted to that committee it was the need for a certain type of housing in the Dominion of Canada.

Whilst the hon. member for Vancouver-Burrard claimed that he was very anxious to protect the public treasury, let me say that if he had his way there could be no surer way of defeating that object. He wanted the government to be responsible for junior or second mortgages on the homes which might be built. If he knows anything about mortgages in these days he knows that second mortgages have very little value in this year 1935. But the hon. gentleman was quite prepared to suggest that private lending corporations and special interests should take the first mortgages and that the government should assume the second mortgages. If that is the way he intends to protect the public treasury of this dominion, then I feel very sorry indeed for the public treasury.

Secondly, may I point out that it was shown by every witness who appeared before the committee how great was the need of cheap money to build houses. There is no private corporation to-day which can build houses at the rate which was suggested by practically every witness who appeared before the committee. The rate suggested was three or four per cent at the outside.

Mr. ST-PERE: What will you do with the labouring men who at present own houses and cannot keep up their payments?

Mr. HEAPS: If they cannot keep them up to-day they cannot keep them up under any circumstances. There is great need to-day for houses of a type that the private corporations will not construct, and if we are to give a stimulus to industry as was suggested, the only way to do it is by providing funds out of the public treasury—yes, out of the public treasury—at a low rate of interest, and by giving to the government a first mortgage on these homes or guarantees by provincial and municipal governments.

If there is one class of artisan in this country who needs assistance it is that which consists of those engaged in the building trades. The artisans in the building trades have been mostly out of work for many years, and there is very little hope for the immediate future. The construction of houses or a housing program is part of the platform, may I hope, of the Liberal party. I do not think a question of this kind is really a party question at all. I think the only way is for the government to step in at this time when private interests have failed so lamentably during the past few years, and see that something is done to provide for the thousands of houses that are needed, and to provide work for the men who need work so much at the present time.

The hon. member for Vancouver-Burrard said that we should allow the mortgage companies and other financial institutions to lend money to those who require homes. There is nothing to prevent them from lending their money now, but the fact is that they are not lending at the present time. If they have plenty of money it is locked up somewhere in the coffers and is not available to the people who require homes. One of the main difficulties is the belief that at the present rate of interest which is required, the security is not very good. It would be at a lower rate of interest, three or four per cent. No private corporation to-day can lend money at three or four per cent, but possibly the federal government can.

There is another factor which the hon. gentleman entirely omitted, and that is the fact that many of the witnesses who appeared before the committee suggested that the government might even subsidize the building of houses exactly in the same way as the building of houses is subsidized in many parts of the world. For instance, he might have said that in Great Britain they have been building houses by the thousand, and no one has been hurt; in fact, it has been a stimulus to the whole industry of the country. It is estimated that in this country we require approximately 35,000 houses per year for the next few years on account of the lack of house building which has manifested itself in the past few years. If that is so then there is in this country need for some sort of housing committee or commission or whatever you choose to call it, and that body should proceed as quickly as possible with the work of providing these houses. Their first object should be the provision of houses, and in the second place it

would be the means of creating work for artisans who require it at the present time.

I do not want to discuss the question just now because in committee we shall be able to go into it at greater length; but it is unfortunate that the name of an official of the government should be brought into the discussion. He is not an authority on housing; he may know something about finance, but so far as housing is concerned he knows little.

Mr. ST-PERE: Most of those witnesses there never knew anything about real estate.

Mr. HEAPS: If the hon. gentleman wishes to make a speech he can do so in his own good time. I will say this, that the witnesses who appeared there all had probably a lifetime of experience in the housing problem either in this country or in other parts of the world. In practically every country of the world, apart from Canada, governments have entered into large and comprehensive schemes of housing. We are probably the last nation in the world to tackle the problem and I should like to see the government proceed with this question and go into committee this evening, and by the time we get through I hope that something will have been done to relieve the housing situation in Canada, and in the second place to provide work for the thousands of mechanics who have had no employment for a number of years past.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I am inclined to think that the suggestion made by the right hon. member for Argenteuil (Sir George Perley) is a good one, namely, that it might be well to see the bill before we further discuss the resolution. Much will depend on the provisions of the bill as to the extent to which it may be possible for all parties to unite on the measure. What strikes me at the outset is this. The proposed resolution is one which deals with one phase of the greatest of all problems, that of providing employment. I think I am right in assuming that providing employment is one of the specific aims of the bill. Not only is it intended to assist in providing necessary housing where something should be done to effect that end, but it is hoped it will help to provide employment in a manner that, so to speak, would serve two ends—that of furnishing employment to some of those in need of work and also that of furnishing accommodation for some of those in need of proper housing. What is most essential with respect to remedying unemployment and providing employment—and I have said so from the beginning of this parliament—is that there should be, not a number of different commissions dealing with different schemes but one national commission charged with the supervision of all state effort towards the relief of unemployment. What should be done is to establish a body which will seek to coordinate and correlate the efforts of the municipalities, the provinces and the dominion. Otherwise we shall have different public bodies spending public moneys in a manner that will lead to extravagance, waste and overlapping. If this resolution contemplates the establishment of a federal commission to go off on its own and undertake the building of houses on behalf of the federal government, I for one should be inclined to view it with a good deal of suspicion. If, on the other hand, the bill proposes to establish some body that will see to it that any federal moneys expended to provide employment may be expended in part in the construction of dwellings, where slum clearances are needed and proper accommodation for working people should be provided, and that this is done in accordance with a scheme which will correlate the efforts of the municipalities, the provinces and the dominion, then the measure may be all to the good.

Mr. HEAPS: There is something of that kind in the report.

Mr. MACKENZIE KING: If the bill in that respect carries out the recommendation of the report, it will serve to bring about a certain degree of unanimity in the house with respect to what it proposes. But if it is to establish another commission to enable the present administration to appoint some more officials to spend public money out of the federal treasury, without any relation to what is done by the municipalities or the provinces, then we should oppose it very strongly. However, I for one am prepared to await the introduction of the bill. I attach much importance to one word in the resolution, namely, that it is to "assist" in the construction of houses. Evidently the resolution does not contemplate the federal government going into this business as some new venture at the present time.

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

Sir GEORGE PERLEY: Perhaps I ought to have made some explanation of the resolution when I was moving it, but I thought that in the usual way we might go into committee at once and I could answer questions and make such explanations as might be necessary. As a matter of fact, although this resolution

provides for the establishment of a dominion housing commission, with the consent of the house we propose not to carry out that part of it, that is to say, the intention at present is that we will proceed with this housing scheme through the Department of Finance, and we shall have an official in that department specially charged with that duty. We wish to move slowly in this matter, which is a very important one, and I am glad to know that the hon. member for Vancouver-Burrard (Mr. Hanbury), on this occasion at any rate, might well come and sit on this side of the house.

Mr. HANBURY: Next year.

Sir GEORGE PERLEY: This question of housing is of great social significance and national importance; I think we are all agreed on that. On that point I am at one with the three hon. gentlemen who have spoken. And here may I compliment the committee that considered this very serious problem. I have read over their report and I see that they gave a great deal of attention and consideration to all the different points. Indeed, it was a very happy circumstance, so far as I am concerned, that they were unanimous, that they passed a unanimous report, which is always a pleasant thing in the House of Commons. I hope it will be found so here.

In considering how far we should go in this matter at the present time, I want to read this paragraph from the report of the committee:

> Good housing means less expenditure on prevention of disease, less crime, greater benefits for education, less unemployability as opposed to unemployment. The elimination of bad conditions has a cash value as well as a moral value to the nation. Further, there are wider economic aspects to consider. Bold and constructive housing projects will increase employment both directly and indirectly through the activity generated. To mitigate any liabilities on the national finances the cost of unemployment would be directly reduced, tangible and intangible assets will be created, the yield of sales and income taxes will be increased by the profits of those in building and industry, as well as those who benefit from the increased spending power of wage earners employed through the undertaking.

Personally I entirely agree with that view as set forth in the report of the committee, and it is along lines of that kind that this bill which I hope to introduce before long will be based.

The object of this bill is to formulate a plan to assist in providing houses suitable particularly for the low wage earner and to keep down the cost and interest charges within his ability to pay; it is also to provide work for the unemployed. It is evident that construction of this kind would stimulate business and hasten recovery by providing employment for those trades and industries in which unemployment is most acute.

The bill which I propose to introduce recognizes and comprehends two distinct though related points of view in regard to this problem. The first of these is that the dominion may be of assistance in investigating conditions and collecting and disseminating information which may be used as the basis of formulating a constructive policy with regard to housing in Canada. This point of view visualizes the question as a long-run problem and one that will entail a vast amount of research, investigation and preparation, before any action other than purely temporary measures can be taken. It emphasizes the necessity of basing a housing program on a sound foundation of factual information in regard both to conditions in this country and to the experience of other countries. It recognizes the need for cooperation on the part of provincial and municipal authorities, particularly in regard to the institution of adequate zoning regulations designed to assure reasonable stability of property values.

The other point which I wish to stress is the obvious desirability of taking certain immediate steps of a practical nature designed to assist in solving the existing problem of unemployment. This point of view submits that it is not necessary to wait for the formulation of a comprehensive housing problem before any assistance can be given. Not only may the first steps be taken with regard to the housing problem as such, but any assistance given in this direction at the present time will be of value in stimulating business recovery and absorbing existing unemployment. I am one of those who believe a solution of the housing problem will do more good in this country than anything else I know of. There is no question that the conditions under which our people live have more to do than anything else with both their health and their mental capacity. I feel that pretty strongly.

In order to explain a little more fully what is in the bill, which is a very short one and which I am sure will be quite satisfactory to my right hon. friend, I note on page 378 of the report of the committee, paragraph 6, which reads:

> The magnitude of the task involved in any program designed to eliminate in its entirety the housing problem in Canada is fully realized and appreciated; that such a program would involve intensive, continuous application and effort over a period of years is manifest; but that the initiation of such is imperative is obvious from even the necessarily limited inquiry into prevailing housing conditions in which it has been your committee's privilege to engage.

The purpose of the bill is twofold. In the first place it is proposed that this inquiry which has been carried on by the special committee should be continued under the authority of the economic council which was set up by law during the present session. That is to say, they are to go into the matter more fully. The bill does not provide for any slum clearance, but it provides that inquiry shall be made also into that problem as well as into all other matters cognate to the question of housing. I trust the committee will drop any idea of a commission. We simply provide that a sum of money shall be made available under the control of the Minister of Finance to assist in these building operations.

Mr. GRAY: Is any sum mentioned?

Sir GEORGE PERLEY: There is a sum mentioned. I may say for the information of the committee that the sum we propose to put at the disposal of the Minister of Finance for this purpose is $10,000,000, and the idea we have in mind is that twenty per cent of the construction costs will be provided by the government out of this fund, so that we hope the result will be a program of construction which will amount to $50,000,000 in order to start this very necessary program of housing particularly of the class required by the low paid man.

Mr. HEAPS: I did not quite get the last part of the hon. gentleman's speech; it was rather difficult to hear. Do I understand that according to the bill it is the intention of the government to provide merely twenty per cent towards the cost of construction?

Sir GEORGE PERLEY: The proposal is that we should provide twenty per cent towards the cost of construction. Perhaps I had better leave this point until we get into the bill because I do not want to enter at the moment into a discussion of it; I shall be glad, however, to do so at the proper time.

Mr. POULIOT: This is to give fictitious prosperity over a very short period to a few of the unemployed in the building trades. We have already had some experience in connection with public works done under a tripartite scheme, federal, provincial and municipal. It proved to be such a failure that a year afterward the government returned to direct relief. For instance, when first a sum of $20,000,000 was voted by the house for the relief of unemployment when there was practically none, one expected that sum of money would be spent on a construction program. Only a fraction of it, however, was spent for that purpose during that fiscal year. A large portion of it was spent for direct relief. It was just a preliminary at a time when the Prime Minister (Mr. Bennett) was not seriously considering the problem of unemployment except in his mind and on his lips when he was speaking to the country. He did not fully realize how disastrous his policies had been until after the return of the late Senator Robertson, then Minister of Labour, from his trip to the west. Then they decided to do something. In that year they spent $42,000,000, largely on a construction program. But what was the benefit of that to the labouring man and those in the building trades? Each one worked not more than twenty days and a fraction on the average. It was a failure, so much so that the next year the government came back with a direct relief policy, which has been maintained since, in spite of the fact that there still ring in my ears the words uttered by the Prime Minister during the special session of 1930, "Those men do not want charity, they want work." Following the failure of his work policy he turned to direct relief, and after the failure of the direct relief policy he now comes back to the works policy, forgetting for the time, in view of the coming elections, that it has been a complete failure under his own government.

This is a true picture of what has happened in this country under the administration of this government. But there is more to it. The right hon. gentleman has forgotten the most important factor in the construction business. He has forgotten that the spending power of the individual means more to the construction industry than all that any government can do, and he has started by destroying public confidence in the country since he was elected leader of his party at the Winnipeg convention in 1927. He said that things were going wrong, that the country was not on a sound financial basis, and talked about speculation and all that. We know the inside story about speculation on the fall, and some day I shall tell it to the house. But when times were good he said times were bad, and now that times are so bad he boasts they are good, but nobody believes him, and rightly so. He has underestimated the importance of the spending power of the common individual, of all those thrifty people who have money laid aside to build when times are prosperous. Some have a thousand dollars in the bank for that purpose, others have two thousand dollars, others have five thousand, but how can they spend that money when they are so uncertain about

the future of this country, about their own future, and when confidence has been replaced in every home by anxiety for the morrow? Now the Prime Minister is trying to rejuvenate this country by this building policy. He is the architect, the nomad architect, who plans all sorts of things, all sorts of palliatives to make people forget that they have not the means of life, that they have not all a palatial suite in the Chateau Laurier. He says "Let us destroy slums." Another mistake he made which did not affect him was that tripartite plan of 1930, imposing the burden on the provinces and the municipalities. He forgot—naturally he was not interested in the matter—that the obligations imposed on the municipalities had to be met by the taxpayers, the owners of immovable property in the municipality. He said: "Things are bad; I will save this country; I will end unemployment." When he said that, people were under the impression that he alone was to do it. But then he imposed this heavy burden upon the provinces; he imposed a heavy burden on the municipalities. That burden on the municipalities was not merely on the shoulders of the community; it had to be met by private property owners in these municipalities, and these were unable to pay their taxes. And now, sir, what do we see? In 1931, when he came with his building program, the municipalities were already unable to meet the liabilities imposed upon them by the legislation of 1930. His great error of judgment was when he said that an expenditure of $20,000,000 by this government would result in an outlay of $75,000,000. He meant that the expenditure by the provinces and the municipalities would be more than the amount paid by the federal government, which was absurd. He said that by this government contributing $20,000,000 the provinces and municipalities would spend $55,000,000. Imagine that, sir. There should have been a great outburst of laughter when such an incredible thing was said by a so-called sensible man. In 1931 the provinces were unable to meet their obligations, and in order to enable them to pursue that silly building scheme the government had to lend money to the provinces with which to meet their own obligations. Loans were made to several provinces, why?

The CHAIRMAN: May I suggest to the hon. gentleman that we are considering a housing resolution?

Mr. POULIOT: Yes, sir, and I speak of building and construction.

The CHAIRMAN: Of houses, please.

[Mr. Pouliot.]

Mr. POULIOT: Yes, sir, and what I say is perfectly relevant because I show that the previous construction policy of the government has been entirely wrong, and I show the mistakes that have been made in the past. The Prime Minister has said that this is no time to look at the past. I hope, sir, that in your fairness you will allow me to continue to speak of the past in order that the future may not be a failure as the past has been. And I will tell you more than that, sir, that the municipalities themselves were so burdened by that policy that some of them had to pay ten, twenty, thirty, fifty per cent—

The CHAIRMAN: The municipalities have nothing whatever to do with this. Will the hon. member please discuss the resolution?

Mr. POULIOT: Thank you, sir; I am through with that point.

Now let us look at another most important point, the destruction of public confidence. The government now has a housing policy. There are few people in this country who do not live under a roof. What do they want? They want to be able to earn their livelihood; they want to be able to dress themselves decently and properly; they want to have enough fuel to heat their homes in the winter time, and they want to eat three meals a day. That is what they want. A housing scheme is an important thing, but the most important thing to do, sir, is to give work to the unemployed. The members of the government say this will relieve unemployment; I just heard the right hon. member for Argenteuil (Sir George Perley) make that statement. Probably that is so, but how many days on the average will they work? My remarks are strictly to the point, because the people who own immovable property in this country have been ruined by the burden of taxation imposed upon them due to the policies of this government, so they cannot build new houses. There are many fathers who had some money laid aside with which they hoped to establish their children in trades and build houses for them. Their children, who had employment in 1930, who left the old homestead for the city and found jobs, who married there and were living well until this government imposed their incredible policies, have lost their jobs now and have had to go back to their fathers in the country, not alone but with their wives and children, and the fathers, who are unable to sell their products, have to look after all those people.

The CHAIRMAN: Please stay with the housing resolution.

Mr. POULIOT: Yes, sir. This is why the fathers cannot build houses to shelter their children, who were unable to pay their rent in the cities. They said, "Well, we have no money left. We cannot sell our products. We are sorry you have to live in slums and we are sorry you must come, but we cannot afford to pay high rents for you in the cities." This is strictly relevant to the housing scheme. Take the farmer's son who left the old homestead in times of prosperity, when the Liberal government was in power, and looked for a job as a mechanic. As soon as he was promised a better job by the right hon. leader of the government—I mean the government, which will not last long, thank God—he thought of better times. But, sir, all that fell down; he was set back and then he lost his job and now the father has to look after him and his family. If we build wonderful apartment houses such as they have in Vienna, in Russia, and in Germany, and the men who are supposed to live there cannot find jobs, what is the advantage in building these houses for the workingmen?

I am strongly in favour of the clearance of slums; I am in favour of a good housing scheme, but the best housing scheme we can have is one that will be looked after by the private individual who is interested in receiving full value for the money he spends, and one which gives no chance to grafters who are after contracts in order to put up cardboard houses in the cities and charge the government the prices of stone walls. That has happened before. What will happen under this scheme? We will have flat contracts, and the people will be bled.

The CHAIRMAN: The question is simply whether it is advisable to formulate a housing scheme. The bill is not now being discussed.

Mr. POULIOT: I am discussing the principle of the matter which is contained in this resolution.

The CHAIRMAN: The principle of the bill is not even under discussion.

Mr. POULIOT: I was not discussing the bill. How can a labouring man pay rent of $25 a month when he does not work? What has become of the promise of the right hon. gentleman to give work to everyone? He said, "I will give you not charity but work." Where is it? He says he has fulfilled all his promises. If there are slums in the cities it is because men who had work in 1930 are unemployed now, and they cannot look after the repairs to the houses in which they live. This is the principal reason for the slums in the cities; this is why the houses are not painted as they should be, and are not looked after. This is why there are broken windows and so on.

Sir, it is a very sad thing. How will this money be paid? The right hon. member for Argenteuil mentioned—perhaps it was a slip—the sum of $10,000,000. What are we to spend that for? That $10,000,000 will be spent to feed parasites on that commission. Why have the government decided on a policy of housing before knowing the number of unemployed in each building trade in the Canadian cities and municipalities from coast to coast? The information has been given by a private member, but may I ask the right hon. member for Argenteuil how many plumbers, how many carpenters, how many bricklayers, how many joiners and how many painters in the city of Halifax will find work under this scheme? How many will be looked after? Then we come to that proud city in New Brunswick, the native province of the right hon. Prime Minister; I refer to the city of Saint John, and I would ask the same information in connection with that city. I would ask the same information in connection with every city in the nine provinces of Canada. The government did not know, until they were told by a private member, the occupations of the unemployed of this country, but surely now they must be in a position to tell this committee how many men they will look after in the building trades? Can they answer? No, sir, they cannot. Why? Because theirs is a half baked policy; that is all there is to it. It is a policy of mirage—m-i-r-a-g-e—and fake. Then they will say to the people, "Look at the skyscrapers we have built." To shelter all the unemployed who have lost their jobs since 1930 we would have to have a skyscraper as high as Jacob's ladder. What a skyscraper would be needed to shelter all the unemployed who have lost their jobs because of the policy of this government! Do hon. members think for one moment that I will take the trouble to read and to discuss the bill arising from this resolution, and to say here must be a comma and here must be a period and here must be a semicolon? I do not believe in this policy, and I make that statement once and for all. I am against all those policies, because I have had an opportunity to study much of the legislation that has been passed. It is half baked, it is useless; the country is going to the dogs and it is time to stop it.

Hon. members on this side have made this suggestion to the government: Why not publish the telephone directories of every city in Canada in the statute books, so that we

may have huge books at the end of the year? The government do not want peace, order and good government, but they do want ream upon ream of paper in the statute books. With that burden on their backs they will tell the people, "Here we are, with this great legislation that will save you." Surely they will never be bold enough to tell the Canadian people that the legislation passed by this government would save them. That would not be true. "This is not the time to look to the past," states the right hon. gentleman opposite. "Let us look to the future; let us look for spiritual values; let us look for wider hope"—and still the people do not laugh. I cannot understand it. I do not know why the people take it seriously, because the government is not serious. It is election propaganda, that is all there is to it. I am strongly opposed to the policy of this government because up to now every step it has taken has been a complete failure. The past is the best guarantee for the future, and judging by its past the future of this government is rather dark.

I have said enough for the moment, but I shall have something further to say at a later time. I say most earnestly, sir, that I cannot accept policies of this kind until they are based upon facts. The government have ignored the facts purposely in order to leave us in a false paradise. It is superfluous to add that that is a great mistake. Sir, no person is a better friend of the labouring man than the one who now addresses you. He has shown it on many occasions since he has been a member of this chamber, but he refuses categorically to let the labouring man be deceived by any false hopes, and it is for that reason that upon this occasion he voices his strong objection to the resolution.

Mr. CHURCH: Mr. Chairman, I wish to say only a few words about this resolution. The housing committee of which I was a member was appointed and during its sittings examined witnesses from all parts of Canada, from Vancouver to Halifax, following which it made its report. It is my view that we will not get anywhere if we approach the problem from the standpoint of politics. Housing is not a political question; it is a business and social problem. Owing to the scarcity of houses in the larger cities and towns of Canada we have an emergency situation, and a condition which has both social and economic sides. Carpenters, bricklayers, plasterers, lathers and mechanics of all kinds in our larger cities are out of work and on the dole. England has been the pioneer in housing. She has recovered faster than any other country because she has had proper housing facilities and insurance policies. In the British budget presented this year £15,000,000 is voted for housing. Over there they have had different types of housing schemes. In this country whatever is done I hope will be done immediately. At a meeting of the city council in Toronto held a short time ago it was decided to await the action of this parliament.

The resolution proposes the establishment of a dominion housing commission, staff and officers, to be authorized to make agreements on housing with, and to vote funds to municipalities or other bodies along the lines indicated. In 1919, at a time when there was acute unemployment in Canada, this parliament voted $25,000,000 for housing, nearly all of which was paid back. Out of the moneys advanced to municipalities and agencies the government did not lose hardly a dollar. I trust any housing policy which may develop will be free from politics, and that it may have some kick in it, and that houses will be built.

At its meeting held only a short time ago the city council of Toronto proposed to take advantage of the legislation passed by the provincial legislature last session whereby municipalities might lend money to house and property owners to make improvements. Many people who own houses cannot pay their taxes, let alone do any renovating or improving. I hope that whatever is done may be done immediately so that city councils throughout Canada will know how much help they can get.

I have already referred to the provision made in 1919. It is now proposed to establish a housing commission and a housing policy whereby twenty per cent of the cost will be supplied by the government, and the balance by mortgage companies and other builders. I do not know how that would work out in the larger centres of population. I should like to see adopted a resolution such as I presented on January 23 of this year, in which it was proposed to set up a national housing, building and reconstruction policy for Canada, adapted to our circumstances, and get people back to work and off the dole. No person suggests we should go as far as England or the United States in this particular matter, but we should accept a policy adapted to our financial circumstances, one which would take the people in the larger centres off the dole, and give them money in the form of work. Undoubtedly unemployment is the greatest problem with which we are faced.

When the first meeting of the housing committee was held away back last February I

pointed out that spring was coming on and nothing had been done. We are now in the early summer, and I hope that whatever is done may be done at once. I should like to see a direct vote along the lines of that of 1919, and would suggest that it be for at least $100,000,000 to be expended over a period of three or four years. During the next three or four years that money could be used for housing and assisting the municipalities to get their people off the dole. I feel sure our financial structure would stand that expenditure. If the provinces and municipalities knew what to exject I do not believe one dollar would be lost. Despite the large expenditure in 1919, a survey of the records conducted by the housing committee disclosed that hardly one dollar had then been lost. We have spent three and a half billion dollars on our railways, much of it in useless duplication and waste, and I believe we might well spend one billion dollars of that on a housing scheme which would have some beneficial effect.

Italy is another country which is going ahead in its efforts to eliminate unemployment and the dole in housing. What are they doing? They are building houses, roads, harbours, public buildings, hospitals and schools and other municipal services for to-morrow. I read a long article on Italy the other day of the building of municipal and federal institutions so as to get people off the dole and back to work. "Build for to-morrow", and I have seen the same Italian scheme supported in many other publications since.

I appreciate the work that the present government has done. A housing scheme was mentioned in the speech from the throne, and within two weeks of the opening of parliament a special committee was appointed to look into the question. It has made a very good report as far as it goes, and with most of its recommendations, seventeen of them in all, I agree, but I do not agree that it is purely a municipal and local problem. In my opinion it is very largely a social problem, and in addition to that there is an emergency in which a housing scheme could be of great help.

The report says that as soon as the depression is over 25,000 houses will be wanted. In Toronto alone pretty nearly that number will be wanted. According to a report on housing conditions in the city from which I come, and the Bruce report, nearly 60,000 people in Toronto have moved out of the rented houses into apartments, and when the depression is over they will want to move back into houses and there will be a scarcity of houses, especially the smaller type of houses for the working classes. As the great Doctor Hastings, the former medical health officer of the city of Toronto, said, housing is more related to public health than almost any other agency, and if we want to do something for the rising generation and for public health we shall have to go into housing on a very large scale in this country.

The evidence that was given before the committee was that lower mortgage and also interest rates would to a great extent help to solve the housing problem. Building contractors to-day cannot cope with the demand for houses but they have difficulty in finding the money. If we could do something to lower mortgage and other interest rates I think it would be of great assistance in house building.

This question of housing is also related to the problem of reconstruction. It is no use eliminating slums and putting up new houses on the outskirts if you have not the necessary municipal services—transportation, water supply, sewers, roads and many other municipal services—and for that reason many of the municipalities which are finding it hard to balance their budgets because of the non-payment of taxes are hoping that parliament will come to their support on housing and so help in getting people off the dole by entering upon a gigantic housing scheme all over Canada.

The committee on housing has made a very moderate report, which deals with the facts. As to the conclusions I should like to see some of them go further along the line of the 1919 housing legislation. In the city of Toronto and the county of York the people are looking to parliament to take action in this matter, and the sooner the government enters upon this housing program the better.

Mr. ELLIOTT: I do not wish to suggest any curtailment of the discussion but it does seem to me that perhaps we could spend the time of the committee to better advantage if we were in possession of the bill and knew something more of what the government's proposals are as outlined therein. I must say that I cannot entirely agree with the speaker who has just taken his seat (Mr. Church) because I would not like to see this housing scheme carried out after the manner of the 1919 act, which was not a great success, I think. However, as I say, I do not believe there is any great advantage in spending time upon conjectures as to what the bill may contain. I suggest that we get it before the

committee as soon as we can so that the house may have an opportunity of giving this very important problem the careful attention it deserves.

Resolution reported, read the second time and concurred in. Sir George Perley thereupon moved for leave to introduce Bill No. 112, to assist the construction of houses.

Motion agreed to and bill read the first time.

TRADE AND INDUSTRY COMMISSION

ADMINISTRATIVE, ADVISORY AND INVESTIGATORY FUNCTIONS—PROVISION FOR A DIRECTOR OF PUBLIC PROSECUTIONS

The house resumed from Monday, June 17, consideration in committee of Bill No. 86, to establish a dominion trade and industry commission—Mr. Hanson (York-Sunbury)—Mr. Morand in the chair.

On section 28—Publication of certain reports.

Mr. HANSON (York-Sunbury): Mr. Chairman, when this bill was before the house yesterday the hon. member for West Middlesex (Mr. Elliott) requested some information with respect to the fines collected under the Weights and Measures Act. I find that for the period 1919 to 1935 a total of $4,226.50 was collected in fines.

Mr. ELLIOTT: Would the minister give the amounts by years?

Mr. HANSON (York-Sunbury): Yes; 1919-20, $2,320; 1920-21, $140; 1921-22, $65; 1922-23, $132; 1923-24, $230; 1924-25, $115; 1925-26, $160; 1926-27, $199.55; 1927-28, $115; 1928-29, $37; 1929-30, $162; 1930-31, $325; 1931-32, $105; 1932-33, $35; 1933-34, $35; 1934-35, $2,051.

When the bill was last before the house the hon. member for Weyburn (Mr. Young) made a suggestion with respect to the publication of reports under section 28. I have the following amendment to propose, that section 28 be amended by adding thereto as subsection 3 the following:

> In the case of any agreement or proposed agreement for the control and regulation of prices or production the commission shall in such manner as seems desirable make the same public and shall fix a date at least fifteen days from the date of publication aforesaid for hearing representations by any interested person whether producers, consumers or others.

I think that ought to suit the hon. member for Weyburn.

[Mr. Elliott.]

Mr. MATTHEWS: I move accordingly, Mr. Chairman.

Mr. MACKENZIE KING: That means that the publication will take place before the recommendation is passed on to council for approval?

Mr. HANSON (York-Sunbury): Before action is taken by the commission.

Amendment agreed to.

Section as amended agreed to.

Mr. HANSON (York-Sunbury): With the consent of the committee I wish to revert to sections 18 and 19, with respect to "Canada standard." It has been brought to my attention that under the British standards act, or whatever the name of the imperial act is, where they set up the British standard such as is contemplated in section 18 they leave the alternative of using either the words "British standard" or the initials "B.S." It is suggested that in addition to the words "Canada standard" we should have the initials "C.S." I would therefore move that section 18 be amended by adding in the third line, after the words "Canada standard," the initials "C.S." And the same with respect to section 19. In line 18, after the words "Canada standard," there should be the initials "C.S.", and again in line 32 and in line 35 there should be the same change.

Amendments agreed to.

Section as amended agreed to.

On the preamble.

Mr. ELLIOTT: Could the minister give the committee any statement as to the results? I see there is quite a difference in the amount of fines levied in the last year and I should like to know what effect prosecution has had with regard to the prevention of short weights.

Mr. HANSON (York-Sunbury): I am informed by the director of weights and measures that it is having a very salutary effect and we are asking for more inspectors and more money to enforce the law.

Mr. MACKENZIE KING: I notice that the preamble makes special mention of the passing of a resolution on the second day of February, 1934, that a select special committee of the house be appointed to inquire into and investigate the causes of the large spread between the prices received for commodities by the producer and the prices paid by the consumers. No mention is made in the preamble of a similar resolution introduced a year or two before by the hon. member for Assiniboia

(Mr. Mackenzie). It may not suit the government's purpose to include it in the preamble but as it originated the idea some mention should be made of that fact somewhere in the records of the house.

Mr. BENNETT: It is all on the records now.

Preamble agreed to.

Bill reported.

UNEMPLOYMENT INSURANCE

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the senate to Bill No. 8, to establish an employment and social insurance commission, to provide for a national employment service, for insurance against unemployment, for aid to unemployed persons, and for other forms of social insurance and security, and for purposes related thereto.

He said: In the votes and proceedings of May 31 there was a statement in detail of the amendments. Those who have Bill No. 8 before them will observe that the amendments in section 2 are to fix the period of twenty-four hours under the definition of "day"; to add the words "of the commission," and also to state in writing the words "twenty" and "twenty-four" rather than to leave them in the form of figures. In the remaining part of section 2 the same course has been adopted by the Senate. There is nothing material there. In section 4, subsection 6, there were added the words, "and with the approval of the governor in council, real property." It was provided in the original bill that the commission might acquire real and personal property but it is provided now that they may not acquire real property except with the approval of the governor in council. In section 5, subsection 3, there were added at the end the words "during such absence or incapacity." That is with respect to the appointment by the governor in council of a temporary commissioner who should hold office only during the absence or incapacity of any commissioner. With respect to section 6 there was added a provision regarding residence within the city of Ottawa or within ten miles thereof —that is as to the commission. Section 8 is amended by adding after the word "may" in the first line "subject to the approval of the governor in council." In section 12, in the third line, after the word "and," there are added the words "to the extent the commission considers necessary." In subsection 2 of section 12 the words "render any person liable" in line 42 are struck out. In line 44 the words "three months" are changed to the words "one month," and in line 43, after the word "conviction," the words "render liable any person in default" are inserted. That phraseology was adopted in the act as a whole.

Mr. MACKENZIE (Vancouver): The penalty is reduced from three months to one month.

Mr. BENNETT: Yes. In section 16 the whole of clause (a), subsection 1 has been struck out, and (b) becomes (a) and (c) becomes (b). The bill by section 16 provided for exemption:

> Where any employed person proves that he is either:—
>
> (a) in receipt of any pension or income of the annual value of $365 or upwards, which does not depend on his personal exertions; or—

That is struck out. At the end of section 17, subsection 1, dealing with contributions, there are added after the word "provided" the words "or otherwise as may be prescribed by the commission." That is to give the commission power to deal with contributions by "employers of those persons, which contributions shall be paid by means of revenue stamps as hereinafter provided or otherwise as may be prescribed by the commission."

In section 18, line 41, after the word "stamps" are inserted the words "and the devices for impressing the same." That is merely an amplification of the section. In section 19, lines 19 and 20, after the words "provisions of this act," there are inserted the words "including part II of the third schedule thereof."

Mr. MACKENZIE (Vancouver): What is the effect of that?

Mr. BENNETT: Section 19 will now read:

> Every person who being insured under this act is unemployed and in whose case the conditions laid down by this act (in this act referred to as "statutory conditions") are fulfilled, shall be entitled, subject to the provisions of this act (including part II of the third schedule thereof).

Then in line 22, just at the end of the line after the word "under" are inserted the words "part I of." The clause reads: "under the third schedule," and the senate have made it read "under part I of the third schedule."

In section 20, line 32, the word "unemployed" is struck out and after the word "days" are inserted the words "of unemployment" so that the section would read: "exclusive of any days of unemployment." That is better than the mere use of the word "unemployed." I think that is an improvement. Again in section 20, subsection 5 of the printed bill, that is the one referring to period of disqualification

not to count in continuous period of unemployment unless due to disease or disablement, has been struck out, and a new subsection is added which I am bound to say is an improvement.

Mr. MACKENZIE (Vancouver): Is there any change in principle in the amendment?

Mr. BENNETT: I think not. I will read it.

(5) Any period during which a person—
(i) fails to fulfil the second or third statutory condition, or
(ii) is, under the provisions of this act, disqualified for receiving benefit, or
(iii) is, under the provisions of this act, deemed not to be unemployed, shall be excluded in the computation of continuous periods of unemployment unless that person proves that the failure to fulfil the said statutory conditions or the disqualification for receiving benefit was due to incapacity for work arising from some definite disease or bodily or mental disablement.

The general principle of it I think may be said to be maintained.

Mr. MACKENZIE (Vancouver): It is just put into three groups, one, two and three?

Mr. BENNETT: Yes. In the same section on page 12, line 13, the word "good" preceding the word "employer" has been struck out and the words "reasonable and fair" substituted therefor. I think that is a definite improvement. The term "good" as applied to an employer is not as apt a description as the term "reasonable and fair." In line 23 of the proviso the same change is made. Those are all the changes at that point.

In the last paragraphs of the last subclause of section 20, that is on page 13, line 2, after the word "shift" are inserted the words "in the occupation or," so that it reads:

On any day which is recognized as a holiday for his grade or class or shift in the occupation or at the factory, workshop or other premises at which he is employed.

The same change is made after the word "shift" in line 7, and the words "or place" in line 8 are struck out.

There are no changes in the succeeding sections 21, 22, 23 and 24. In section 25 the word "and" at the end of paragraph (c) of subsection 1 is struck out and after the word "them" in paragraph (d) of subsection 1, the word "and" is added. Paragraph (e) is then added as follows:

(e) persons who by custom of their occupation, trade or industry or pursuant to their agreement with an employer or paid, in whole or in part, by the piece or on a basis other than that of time.

That is to cover the piece goods worker.

[Mr. Bennett.]

Mr. MACKENZIE (Vancouver): That broadens the scope of the section.

Mr. BENNETT: Yes. Then in line 30, after the words "respect to" are inserted the words "contributions and the payment thereof and with respect to," so that it reads:

With respect to contributions and the payment thereof and with respect to the receipt of benefit.

That makes it clearer. Section 28 on page 18 is amended by adding after the word "division" in the first line of the section, the words "established under section 11 of this act," so that it reads:

The commission may in each regional division established under section 11 of this act—

And so forth. Then in the fourth line of this section between the word "each" and the word "regional" is inserted the word "such," and in the next line the words "established under section 11 of this act" have been struck out. In other words, the words "established under section 11 of this act" have been given their true meaning by being removed from the second line of subsection 2.

Mr. MACKENZIE (Vancouver): Did the senate not make an amendment to section 27?

Mr. BENNETT: Did I not read that?

Mr. MACKENZIE (Vancouver): No.

Mr. BENNETT: The proviso in lines 25 to 28 is struck out. That is a departure from the principle adopted by the house. It is one striking example of it, and there is another departure. There is no appeal now granted by reference to the exchequer court; the decision of the commission is final. It will be remembered that the question was discussed in this chamber, and after hearing the representations made to the select committee in the senate, the senate adopted the view that there should be no appeal, that the matter should be decided by the commission.

I have dealt with section 28. There is no change in section 29, or in section 30, which is a long one. In section 31 however there are some changes. In line 35 on page 21 between the words "be" and "liable" are added these words, "guilty of an offence against this act and," which of course is a very proper addition. The same addition is made in line 47 between the words "shall" and "for." In subsection 3 of section 31, after the word "shall" in the eighth line and before the word "for" are added the same words.

Then there are no changes until you get to section 34 at the top of page 24, when the same words are added in the second line after the word "shall."

In section 35 after the word "stamps" in the fourteenth line on page 24, and before the word "including," are added these words; "and all contributions, if any, paid otherwise than by means of such stamps." That is, the revenue received from the sale of stamps or payments that may be made in other forms than that, may be included in the fund.

Mr. MACKENZIE (Vancouver): By regulation.

Mr. BENNETT: Shall be included in the fund.

Mr. MACKENZIE (Vancouver): But regulations will be drawn up.

Mr. BENNETT: Yes. In subsection 4 of section 35 referring to investment of fund, in lines 32 and 33 on page 24 the words "or any province of Canada" are struck out. That is a change in terms from what was decided by this chamber; for it provides that the fund may be invested in obligations payable in Canadian currency of or guaranteed by the Dominion of Canada. It eliminates provincial investments.

At the top of page 25 the whole of subsection 7 of section 35 is struck out and the following new subsection is substituted:

(7) The commission may open and maintain deposit accounts with chartered banks, including the savings banks named in chapter fourteen, revised statutes of Canada, 1927, and any balance maintained in any such bank shall form part of the fund.

Then there is a new subclause 8, which reads:

"(8) No such bank, nor the Bank of Canada, shall be entitled to charge any exchange on or fee for cashing any cheque, as defined by the Special War Revenue Act, issued by the commission, and the provisions of section forty-four of that act shall not apply to such cheques."

It will be recalled that in the province of Quebec there are special forms of savings bank, notably the Montreal City and District savings bank. This amendment makes it possible for funds to be deposited in those banks. Then subclauses 8 and 9 are now numbered 9 and 10; and after the word "done" in the next to the last line in subsection 9, at the end of the eighth line the words "by it" are added, making it read; "required to be done by it under the provisions of this section."

In section 37, line 27, before the word "vacancy," the last word in the line, is added the word "casual," so that it reads "to fill a casual vacancy. In subsection 9 the first four words are struck out and the English is improved by making it read "the commission shall make available to the committee such information...."

The regulations section is not changed.

Sections 39 to 48 inclusive are not changed. But in the schedules slight changes have been made. It will be remembered that in clause (c) of the excepted employments some question arose as to saw mills. The section as it originally read was as follows, "employment in lumbering and logging." It has now been amended to read:

employment in lumbering and logging, exclusive of such saw mills, planing mills and shingle mills as are reasonably continuous in their operations.

Mr. NEILL: It does not take in lumbering; it still exempts lumbering?

Mr. BENNETT: Yes.

Mr. NEILL: Totally? It does not make the same provision as to "reasonably continuous"; that applies only to the mills.

Mr. BENNETT: I read that to mean that there is a specific exception in respect of lumbering and logging, "exclusive of such saw mills, planing mills and shingle mills as are reasonably continuous in their operations."

Mr. NEILL: But why should not the words be put in, "employment in lumbering and logging that are reasonably continuous"?

Mr. BENNETT: The draftsman in the other chamber took it that the conclusion at which the senate had arrived was that the excepted employments included lumbering and logging, but that was to be exclusive of such saw mills, planing mills and shingle mills as are reasonably continuous in their operations.

Mr. NEILL: But does the Prime Minister agree with that? Should not that "reasonably continuous" apply to logging as well as to saw mills?

Mr. BENNETT: That would put a somewhat different construction upon it from that at which they had arrived. It is in part II of the schedule, page 31 of the bill. The excepted employments are: "(c) employment in lumbering and logging."

Mr. NEILL: That is what I am objecting to. Why did they not make the same exception as to lumbering and logging as they did in the case of shingle and planing mills? If lumbering is reasonably continuous, why was it not put in that exception to the exception, as you might call it?

Mr. BENNETT: I do not know why. I can only say this is the conclusion at which they did arrive.

Mr. HANBURY: Would the Prime Minister give his interpretation of that again?

Mr. BENNETT: Part II of the bill mentions the excepted employments, that is the employments to which this system does not apply. The first was employment in agriculture, horticulture and forestry; the second employment in fishing, and the third employment in lumbering and logging. But the amendment does not make that universally applicable; it provides that it shall not apply to such saw mills, planing mills and shingle mills as are reasonaby continuous in their operation.

Mr. HANBURY: But that would not include logging in British Columbia. In a large part of British Columbia logging is conducted twelve months in the year. I assume from that interpretation that that logging is excepted, but saw milling is not. I cannot understand that.

Mr. BENNETT: I am only reporting it just as it is. It will be remembered that some discussion took place in this chamber with respect to lumbering and logging and the hon. member for Vancouver-Burrard (Mr. Hanbury), as well as the hon. member for Comox-Alberni (Mr. Neill) made some reference to it. Representations made in the committee resulted in its being put in this form.

The next change, however, is a departure from the principle agreed upon by this chamber. It will be recalled that when I was dealing with the bill I pointed out that banking, mortgage, loan, trust and insurance and other financial businesses were excepted from the operation of the bill. After hearing the representations made these were taken out of the excepted class and the statute applies to them. I am bound to say that the hon. member for Vancouver Centre (Mr. Mackenzie) thought this should be done originally, if I remember correctly.

Then at page 33 are added the following words:

> Employment in which persons are employed and paid for playing any game.

We are now dealing with the excepted employments. The last one is (r) and this is added as (s), so far as I can see.

Mr. MACKENZIE (Vancouver): Does that include members of parliament?

Mr. BENNETT: Judging from what we have listened to this evening, the hon. member might conclude that.

[Mr. Neill.]

At page 33, part II, entitled "Rules as to payments and recovery of contributions paid by employers on behalf of employed persons," at the beginning of the section these words are added: "subject to section 25 of this act."

An hon. MEMBER: What is the difference?

Mr. BENNETT: The hon. gentleman will remember that there is a long list of persons excepted, including special classes of casual and seasonal workers, and in order to make it beyond peradventure they put in the words "subject to section 25." Had I been writing it I should have said "subject to the provisions of section 25."

Then we come to paragraphs 3 and 4 on page 34, which they have entirely rewritten, and if I may I will read them to the house because I think they have in some respects improved the expression of the intention of parliament:

> 3. Where the employed person receives any wages or other pecuniary remuneration from the employer, the amount of any contribution paid by the employer on behalf of the employed person shall, notwithstanding the provisions of any act or any contract to the contrary, be recoverable by means of deductions from the wages of that person or from any other remuneration due from the employer to that person and not otherwise: Provided that no such deduction may be made—
>
> (a) from any wages or remuneration other than such as are paid in respect of the period or part of the period for which the contribution is payable; or
>
> (b) in excess of the sum which represents the amount of the contributions for the period (if that period is longer than a week) in respect of which the wages or other remuneration are paid.

If hon. members have been following paragraph 3 in these rules as to payment I think they will agree that perhaps that puts it a little more clearly than it was in the original bill. Paragraph 4 reads as follows:

> 4. Where the employed person does not receive any wages or other pecuniary remuneration from the employer, but receives such remuneration from some other person, the amount of any contribution paid by the employer on behalf of the employed person shall (without prejudice to any other means of recovery) be recoverable summarily as a civil debt, if proceedings for the purpose are instituted within three months from the date on which the contribution was payable.

There is no substantial change, but I think it is put more clearly. Paragraph 10 on page 35 is amended to read as follows:

> Subject to section 25 of this act, for the purposes of this schedule, the expression "calendar week" means the period from twelve o'clock in the afternoon on one Sunday to twelve o'clock in the afternoon on the following Sunday.

There are no other amendments made by the senate. Of the two changes to which I have directed attention in principle the last one is important; I do not think the other is very material. The rest are textual changes intended to make clear the meaning of the act, and I believe no question should arise with respect to them.

With respect to the question raised by the hon. member for Comox-Alberni and the hon. member for Vancouver-Burrard, there is of course the question that was discussed originally here, and at the end of the discussion we left it in the form in which it was, believing that the commission might be able to deal with the matter as it should be dealt with in the light of changing conditions existing in one part of the country as compared with another part, with respect to lumbering and logging. The senate have added that this exception shall not apply where there has been a reasonably continuous operation of the mills that have to do with products derived from lumbering and logging operations. The change bringing in the banks and mortgage companies was long considered and much debated, I understand, but in the end the change was made and they are now included within the purview of the bill.

Mr. MACKENZIE (Vancouver): I should like to ask a question in connection with section 10. Is it proper draftsmanship to say twelve o'clock in the afternoon? Should it not be twelve o'clock noon?

Mr. BENNETT: When I saw that I asked myself at once whether twelve o'clock in the afternoon was good, because twelve o'clock is twelve o'clock noon and it is not twelve o'clock in the afternoon until one minute later. From twelve o'clock noon to the same hour the next day I think would be more accurate, but I understand there is some authority for saying twelve o'clock in the afternoon.

Mr. NEILL: Once more I should like to point out to the Prime Minister that when this matter was discussed before I think he gave the assurance that this question of the continuous nature of employment in lumbering and logging would be considered or dealt with under some other section of the act, possibly the regulations, but as the amendment reads now it will prohibit any action being taken under the regulations because it distinctly states what are to be the exemptions, and that would seem to preclude the possibility of any regulation bringing lumbering within the operations of the act.

Mr. BENNETT: I would not care to express a definite opinion on that point, but I do not think there has been any curtailment of the powers of the commission to deal with the situation, by virtue of the changed language. Originally the language was "exclusive of the saw mill, planing mill and shingle mill industries" and in order that the question of the continuous character of their operations might be brought to the attention of the commission the senate has provided that they must be reasonably continuous in their operations, instead of treating them as industries that should be taken to be continuous. I do not think it changes the general sense of the provision as it left this house, but my opinion is no more valuable than that of the hon. gentleman in that regard.

Mr. McKENZIE (Assiniboia): When this bill was before the house in the first instance I brought up the question of part time employees in the coal mines, of whom I have a considerable number in my constituency. Certain amendments have been made to section 7 to include part time employees, and I wonder just how those amendments will affect those coal miners who are employed as such for say twenty weeks in the year, and who for the rest of the time work on farms or at other occupations. Will they be included under this bill?

Mr. BENNETT: I would not care to venture a definite opinion about a matter of that sort. The language of the section I think makes it probable—I will go only that far—within the powers of the commission to deal with that matter. I would not care to anticipate an opinion and express a definite view on the point. When the hon. member for Assiniboia spoke I was just going to say that section 7 has not been changed so far as those powers are concerned. I should think the powers of the commission have not been abridged or lessened as compared to what they were when the bill left this chamber.

Motion agreed to, amendments read the second time and concurred in.

JUVENILE DELINQUENTS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 106 to amend the Juvenile Delinquents Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Summary trials.

Mr. GRAY: Would the minister explain the reason for the change?

Mr. GUTHRIE: The amendments proposed in this bill were requested by the various

children's aid societies and similar organizations throughout Canada. They are not very important amendments, but the societies are anxious that they be carried into the act.

Section agreed to.

Sections 2 and 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 107 to amend the criminal code.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Irrebuttable presumption.

Mr. GRAY: This clause apparently adds at the beginning of subsection 3 the words "it shall be an irrebuttable presumption." I think the house is always loath to add sections to the criminal code or to any statute providing for an "irrebuttable presumption," unless there is very good reason for doing so.

Mr. GUTHRIE: This is another amendment requested by the children's aid societies of Canada. The words we propose to add to the section now in the criminal code are as follows:

It shall be an irrebuttable presumption in any prosecution under subsection 2 of this section, that the child was in danger of being or becoming immoral, its morals injuriously affected and its home rendered an unfit place for it to be in, upon proof that the person accused did in fact, in the home of such child, participate in adultery, in sexual immorality, in habitual drunkenness or in any other form of vice.

We have to prove, first, that the act was committed, and the irrebuttable presumption is that the child was thereby affected. Then there is this saving clause:

Provided that this subsection shall not apply in the case of two persons who are not married to each other but are living together as man and wife and reputed to be man and wife, and where the child so affected is the child of the two persons so living together.

Mr. GRAY: Is this clause added because of some adverse decision?

Mr. GUTHRIE: Yes, it arises from the complaint of children's aid societies about the section as it now stands, which is printed in the explanatory notes. That section is as follows:

In any prosecution under subsection 2 of this section, where the circumstances are such, as in the opinion of the court, to render it likely—

[Mr. Guthrie.]

And so on. That is the present section. The section would now read that in the event of immorality being proved there must be an irrebuttable presumption that the child was thereby affected.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

LOAN OF $750,000,000

RESOLUTION AUTHORIZING MINISTER OF FINANCE TO RAISE FUNDS FOR REDEMPTION OF SECURITIES

Right Hon. Sir GEORGE PERLEY (for the Minister of Finance) moved the second reading of Bill No. 110, to authorize the raising, by way of loan, of certain sums of money for the public service.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Short title.

Mr. MACKENZIE (Vancouver): Mr. Chairman, I am reminded that the Minister of Finance promised certain information to the house on second reading. Perhaps the minister would give us that information later.

Sir GEORGE PERLEY: I shall attend to that, and try to get the information.

Mr. MACKENZIE (Vancouver): When the estimates are under consideration?

Sir GEORGE PERLEY: Yes.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported, read the third time and passed.

On motion of Mr. Bennett the house adjourned at 10.50 p.m.

Wednesday, June 19, 1935

The house met at three o'clock.

NATIONAL RESEARCH COUNCIL

CORRESPONDENCE RESPECTING RETIREMENT OF DOCTOR H. M. TORY AS CHAIRMAN, TABLED

Hon. R. B. HANSON (Minister of Trade and Commerce): I desire to table correspondence moved for by the hon. member for South Perth (Mr. Sanderson) on the 17th instant respecting the retirement of Doctor H. M. Tory as head of the national research council. I should like to say that in a letter to me dated March 7, Doctor Tory made cer-

tain representations. This letter was marked "personal," and for that reason it is not included in the file; otherwise it would be produced. I have not been able to get Doctor Tory to release the privilege as he is not in the city.

LOAN OF $750,000,000

Right Hon. Sir GEORGE PERLEY (Argenteuil): When the resolution on which Bill No. 110, to authorize the raising, by way of loan, of certain sums of money for the public service, was before the committee last Monday, the hon. member for Vancouver Centre (Mr. Mackenzie) asked the Minister of Finance (Mr. Rhodes) for certain information. The hon. member mentioned this again yesterday evening when the bill was being put through and suggested that the information might be given to him on the estimates, but as I have it with me now, I will send it over to him. I think that will answer the purpose.

Hon. IAN MACKENZIE (Vancouver Centre): I appreciate the courtesy of the right hon. gentleman. I think however the information should be a matter of record. The hon. member for North Waterloo (Mr. Euler) asked one of the questions and I suggest that the information be filed.

Sir GEORGE PERLEY: The hon. gentleman would like it tabled as a return:

Mr. MACKENZIE (Vancouver): Yes.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

LIVE STOCK SHIPMENTS

Mr. MOTHERWELL:

1. Has any minister, deputy minister or other officer of the government made or caused to be made, any shipments of dairy cattle, brood mares, stallions or other domestic live stock to Australia or South Africa since August, 1930?

2. If so (a) which minister and department initiated and had charge of each undertaking and in what province were such animals secured; (b) how many head of each class of live stock were selected for export, by whom and at what price each; (c) were such animals examined by qualified government inspectors under the live stock branch at initial point of shipment or at ocean port of embarkation and with what result as to their respective fitness, age and general qualifications to meet the requirements of the purchasers; (d) did such inspection result in any of such animals being rejected, and for what reasons, how many, and what disposition was made of them; (e) out of what vote were any such live stock purchases paid; (f) were any financial losses or expenses sustained by the government in these transactions, and how much; (g) if any of such live stock exports to Australia were shipped via Halifax or other Atlantic port, why were they not sent the usual route to Australia via the Pacific?

Mr. CAHAN:

1. No.

2. Answered by No. 1.

DOCTOR ARNOLD RANKIN RICHARDS

Mr. FRASER (Northumberland):

1. Was Doctor Arnold Rankin Richards employed by the government as consulting and resident doctor for patients transferred from the military hospital, Petawawa, to the hospitals at Pembroke, Ontario?

2. What money was paid Doctor Richards by the government?

3. Who recommended Doctor Richards for the position?

Mr. STIRLING:

1. No.

2. $55 in February, 1932, for professional services rendered to a part-time caretaker at the Pembroke armoury who met with an accident in the performance of his duties.

3. Answered by No. 1.

DOCTOR ROBERT THORNTON PERCIVAL

Mr. FRASER (Northumberland):

1. Was Doctor Robert Thornton Percival employed by the government as consulting and resident doctor for patients transferred from the military hospital, Petawawa, to the hospitals at Pembroke, Ontario?

2. What money was paid Doctor Percival by the government?

3. Who recommended Doctor Percival for the position?

Mr. STIRLING:

1. Dr. Percival was employed for patients transferred from the unemployment relief project at Petawawa to the Pembroke hospital and for the medical examination of men from Pembroke going to the unemployment relief project at Petawawa.

2. $932.

3. Selected for employment in accordance with departmental practice.

MOTIONS FOR PAPERS

JOLIETTE-L'ASSOMPTION-MONTCALM RURAL MAIL SERVICE

Mr. FERLAND:

For a return showing:—

1. A list of all contractors carrying rural mail in the county of Joliette-l'Assomption-Montcalm, giving the name of the contractors, the date of such contracts, the contract prices and the mileage in each case.

2. Contracts awarded on a tender basis, and those awarded without tenders, by way of renewal of former contracts.

GLACE BAY, N.S., SUB-COLLECTOR OF CUSTOMS

Mr. RALSTON:

For a copy of all applications, reports, ratings and correspondence in the possession of the government or the civil service commission, in connection with filling the recent vacancy in the position of subcollector of customs for the port of Glace Bay, Nova Scotia.

FARMERS' CREDITORS ARRANGEMENT ACT

Mr. CASGRAIN:

For a copy of the letter addressed by Mr. M. A. MacPherson, on March 27, 1935, to agents appointed under the terms of the Farmers' Creditors Arrangement Act, and a copy of all correspondence exchanged between the said M. A. MacPherson and the government in that regard.

CHARLEVOIX-SAGUENAY RURAL MAIL SERVICE

Mr. CASGRAIN:

For a list showing:—

1. The names of all contractors in charge of the carrying of rural mail in the county of Charlevoix-Saguenay, with the dates on which the contracts were let, the terms and the distance to be covered in each case.

2. The contracts let by tender, the name of those to whom they were awarded without tenders, and those whose contracts were renewed.

VANCOUVER DOCK STRIKE

On the orders of the day:

Hon. IAN A. MACKENZIE (Vancouver Centre): In the absence of the Minister of Labour (Mr. Gordon) I should like to ask a question of the Prime Minister (Mr. Bennett), although it does not strictly involve any question of government policy. It is in reference to the regrettable disturbances that took place in Vancouver yesterday afternon. Has the Prime Minister any statement to make, in particular as to the advisability in the public interest of appointing a royal commisison under the Inquiries Act to inquire into the matter?

Right Hon. R. B. BENNETT (Prime Minister): Anticipating the possibility of such a question being asked I got a memorandum from the Department of Labour with respect to the matter, and when I came to the building I found the hon. member for Vancouver Centre (Mr. Mackenzie) had sent a note to me that he proposed to ask the question which he has just asked.

The information as far as I have been able to obtain it indicates that early in February of this year the Vancouver and New Westminster Waterfront Workers Association (longshoremen) notified the British Columbia Shipping Federation that they desired to reopen the agreement then existing, the main points to be considered being (1) making effective a six-hour working day, (2) union control of dispatching of longshore gangs, (3) elimination of the differential of four cents an hour between shore and ship gangs—the rates at present being respectively 81 cents and 85 cents—and (4) the establishment of a new minimum rate of 95 cents per hour in line with the rate effective in the United States Pacific coast ports. Numerous other items were involved, such as the refusal of members of this association to work with non-union labour.

An exchange of correspondence followed between the shipping federation and the longshoremen, covering a considerable period, but no apparent headway was made towards settlement of any part of these demands. Press reports intimated that the longshoremen were likely to go on strike at any time, and Mr. F. E. Harrison, the western representative of the federal Department of Labour advised both parties in writing that the conciliation services of the Department of Labour were available upon request by either or both parties, at the same time calling to their attention the requirements of the Industrial Disputes Investigation Act that if a dispute could not be adjusted through negotiation these matters would first have to be dealt with by a board of conciliation and investigation.

On April 25 a mass meeting of the longshoremen in Vancouver was held and the following among other resolutions were adopted:

1. An assessment of one per cent of all longshoremen's wages would be made for one pay period to assist relief camp workers now on strike.

2. A cessation of work was agreed to on the 29th of April between the hours of three and four p.m. as a protest against relief camps.

3. No work would be performed on May 1, May day; and

4. That the resignation of Mayor G. G. McGeer be demanded.

The cessation of work took place in violation of their agreement. Following this a strike took place of what are termed booming gangs, men employed in sorting logs on the waterfront for export. This dispute did not directly affect the shipping federation of British Columbia, but the longshoremen, in violation of their agreement with the federation, refused to load these logs on the ground that it was unfair cargo. The shipping federation, however, were able to load this shipment with non-union men. Some time following this the longshoremen organized a

union at Powell River. Very few of their numbers had ever been employed by the Powell River Company, and in these few instances only as temporary help, and the company refused to accede to the demands. That port was then declared unfair, and again the Vancouver longshoremen refused to load or unload ships moving to or from Powell River.

The shipping federation maintain that the agreement under which they have been operating has been violated in at least seven instances. Following this latter difficulty, the shipping federation made application under date of May 25 for the establishment of a board of conciliation and investigation. This application reached the department on May 30, a board was established the following day and both parties to the dispute were accordingly notified by telegraph. No nominations were received from either party and under date of June 5 the shipping federation telegraphed withdrawing their application and advising that the present agreement had been cancelled. Upon receipt of this telegram a wire was dispatched to the federation and also the longshoremen's association urging that all matters in dispute should be dealt with through board procedure and that in the meantime both parties should agree to adhere strictly to the terms of the present agreement. The shipping federation replied that they could not go on with this proposal, inasmuch as they had already entered into an agreement with another union. No reply whatever was received from the longshoremen's representatives. No action has yet been taken to cancel the establishment of the board.

Sympathetic strikes have been called by the Coastwise Longshoremen and Freight Handlers' Association of Vancouver, Seafarers' Industrial Union of Vancouver, and Marine Transport Union of Nanaimo. All of these groups, including Vancouver and District Waterfront Workers' Association, are affiliated with the Longshoremen and Water Transport Workers of Canada, and are said to be controlled by the Workers Unity League and that group of known extremists.

The Deputy Minister of Labour has been in communication by long distance telephone this morning with Mr. F. E. Harrison, who has been from the outset closely in touch with both parties to the dispute. Last evening there was a three hour conference with representatives of the men and the shipping federation, but in the meantime violence was resorted to, not with arms but with sticks and clubs as indicated in the press this morning. Neither the Department of Labour nor the Department of Justice is further informed with respect to the matter, except that the mayor of Vancouver has publicly stated that the matter is under control. There was a number of mounted police on the Ballantyne pier; they had been asked to remain there by the chief of police of Vancouver and by the Vancouver harbour board, as well as by the attorney general of the province of British Columbia. There is no further information that we have available at the moment. It is not contemplated in view of the facts I have recited that an inquiry should be held and in view of the statement made by the mayor of Vancouver this morning as to the forces that were organized behind this outbreak yesterday it is not thought desirable that any further action should be taken at the moment unless requested.

MONTREAL HARBOUR

On the orders of the day:

Hon. FERNAND RINFRET (St. James): In the absence of the Minister of Marine (Mr. Duranleau) I should like to ask the Prime Minister if a delegation from the harbour commissioners of Montreal has been in Ottawa to-day concerning the depth of the water in the harbour and, if so, if we can expect a declaration from the government on the matter.

Right Hon. R. B. BENNETT (Prime Minister): I fancy the hon. member is aware of the fact that a delegation did meet the Minister of Marine and other members of the government, but the conference was protracted to such an extent that the minister is not yet in his place.

TRADE AND INDUSTRY COMMISSION

ADMINISTRATIVE, ADVISORY AND INVESTIGATORY FUNCTIONS—PROVISION FOR A DIRECTOR OF PUBLIC PROSECUTIONS

Hon. R. B. HANSON (Minister of Trade and Commerce) moved the third reading of Bill No. 86, to establish a dominion trade and industry commission.

Hon. H. H. STEVENS (East Kootenay): Mr. Speaker, in rising to say a few words in connection with the third reading of this bill I desire to take advantage of this opportunity to express some views in connection with the manner in which the report of the price spreads committee and commission has been implemented, and also to direct the attention of the house to a few matters relating thereto which I believe should receive very careful and thoughtful consideration by the house.

May I open my references to the report by referring to one feature of it or, shall I say, a philosophy which runs through the whole of the report, to which I think all too little attention has been paid. On the second reading of the bill now before the house for third reading I made rather extended and detailed remarks with reference to this feature. At the moment I shall content myself with merely mentioning the point. It will be recalled, sir, that in the preparation of the report certain chapters were introduced leading up to the more practical features of it. I wish to quote again to-day a paragraph which I quoted previously and then, using that as a foundation, to give expression to certain views in regard to the matter. At the opening of chapter III, headed "Concentration and the Corporate System of Business" we have these words:

> The evidence before us ... has shown that a few great corporations are predominant in the industries that have been investigated; also that this power, all the more dangerous because it is impersonal, can be wielded in such a way that competition within the industry is blocked, the welfare of the producer disregarded, and the interests of the investor ignored.
>
> As the hearings into various forms of economic activity were carried on, it has been difficult not to be impressed by the fact that the corporate form of business, not only often gives freedom from legal liability, but also facilitates the evasion of moral responsibility for inequitable and uneconomic practices.

And one other paragraph:

> The net result of this combination of flexibility and rigidity is that unregulated competition no longer guarantees efficiency and maximum production at fair prices. Competition degenerates sometimes into economic warfare where victory may go to the strong, rather than to the efficient.

Mr. GARLAND (Bow River): What page is that?

Mr. STEVENS: Pages 12 and 13. I read these words for the purpose of indicating that there is a new orientation of business. I enlarged on that the other day, but I am going to speak for the moment as a member of the Conservative party in this house. I was elected as a Conservative, and I take it that the very essence of the economic policy of the Conservative party is to be found in what is known as the national policy. Through all the years the Conservative party, as the representative of a large body of opinion in this country, has taken the principles of the national policy as its guide and lead in matters economic. I wish to say, sir, that in holding the views I do now, in the light of the studies revealed in this report, I am not departing one iota from the economic principles of the Conservative party. I took the trouble to look up some quotations and I am going to read them, briefly, in order to indicate and to impress upon the minds of hon. members on this side of the house—and hon. members opposite to the extent that they will do me the courtesy of listening—that when the national policy was launched in Canada in 1878 it was never contemplated that that policy would lead to the development of industry to a point where a monopoly would dominate within any particular branch of industry. It is not pertinent at this point to debate what they should have foreseen, or anything of that kind. I shall deal only with the historic facts. Sir John Macdonald, speaking in 1878, is reported at page 859 of Hansard of that year as follows:

> It should consist—

Speaking of his new policy—

> —of a judicious readjustment of the tariff which would benefit and foster the argicultural, the mining, the manufacturing, and other interests of the dominion; a judicious readjustment of the tariff will, mean, to a certain extent, an increased duty upon certain articles.

Note, Mr. Speaker, that this was a policy directed towards the development of the interests of agriculture, mining and manufacturing, as well as other interests. Then I read from a speech by Sir John Macdonald delivered at St. Catharines, in which he used these words:

> We have, however, readjusted the tariff, reducing the duties on articles of necessity and raw materials, and increasing those on what is required for home manufacturing, this being a direct encouragement to artisans and mechanics.

Here we have the second feature of this policy which was in the mind of its great framer, namely, that throughout it should protect or redound to the advantage and interest of the workers in industry.

I now turn to another quotation. In the year 1878, at a meeting in Toronto the Liberal Conservative Association of Ontario declared on this subject. This was the pronouncement by a meeting of the Conservative association:

> We are satisfied that the welfare of Canada requires the adoption of a national financial policy which, by a judicious readjustment of the tariff, will benefit and foster the agricultural, mining and manufacturing interests of the dominion.

It was not, sir, for the creation of monopolies or for the creation of powerful corporations to operate without law and with a selfish disregard for the rights of others—no, not that, but for the fostering of agriculture, mining and manufacturing.

I now turn to a quotation from a speech delivered in 1895, after the policy had been in operation. An extract from the budget speech delivered by Sir George Foster, the then Minister of Finance, is as follows:

> If there is to be a protective system at all, everybody knows it must be higher in its inception than as the years gradually pass, when industries have become established and when the industrial development of the country grows apace.

Again I point out that the framers of the national policy never contemplated the growth of great monopolies under that policy, nor in later years did the framers of the Combines Investigation Act contemplate that in spite of that act great monopolies would dominate, as the report has stated, branches of industry in which they are engaged to a degree of almost complete monopoly.

Sir, there is one other interesting quotation I should like to read, because it shows the attitude of the Liberal party of that day towards this problem. I rather welcome these words because they give an indication of the tolerant spirit shown by that great party at that time towards the policy,—making a certain reservation. This is a quotation from a speech of Alexander Mackenzie delivered in 1877:

> I have no objection to the principle of protection per se; that is, if you can make everybody wealthy without making any person poor. If that is the principle of protection, I am quite in favour of it, if the plan by which it is to be achieved can be shown.

I admit the words sound a little facetious, but I submit further that what they did disclose was the attitude of the leader of the Liberal party of that day, namely, that he had no objection to the principle of protection, if it would result in benefits to the people generally,—and of course to industry, providing it did not result in the creation of iniquities within the industrial system.

Again I say it is futile to look back, with our present knowledge and to say that those of that day should have looked to the future and should have realized that mass production would develop, that the machine age would grow, and that men would be thrown out of work by the tens of thousands through the mechanization of industry and agriculture. These conditions were not foreseen. They were not foreseen twenty years ago, even; they were not foreseen in their present magnitude until they were, in a sense, upon us. But this point stands out clearly, that the framers of the national policy, so-called, never contemplated the creation in this country of industrial groups so powerful that they could defy government as well as competition. And, sir, throughout our examinations of the past eighteen months, condensed now in the form of this report, it is clear that these great industrial organizations have developed. It does not necessarily follow that they have grown great because of efficiency. That is clearly stated in the report which is presented as a result of our examinations. On the other hand, it is therein stated—this is certainly my firm conviction and I have seen no contradiction of it by other members of the commission—that it was the power of massed capital rather than efficiency which caused or gave power to these great industries. I agree that some members of the commission would qualify that statement, in part, but my conviction is that it is far more due to the control of wealth or capital by these institutions than by their efficiency that they have gained their position of great power.

Mr. STEWART (Edmonton): Mr. Speaker, may I ask a question.

Mr. STEVENS: Yes.

Mr. STEWART (Edmonton): Was the hon. gentleman in Canada in the early nineties? Was he a resident of Canada in the early nineties?

Mr. STEVENS: Mr. Speaker, I do not know what my personal history has to do with this discussion.

Mr. STEWART (Edmonton): A matter of curiosity.

Mr. STEVENS: If it would satisfy the hon. member I could give a brief statement, if that is what the hon. gentleman wishes to come at. As I was not born in Canada probably he questions my right to speak.

Mr. STEWART (Edmonton): No, not at all.

Mr. STEVENS: I was born in a city—no mean city—the city of Bristol, England. I came to Canada in 1887, and I could tell my hon. friend a good deal more than that about my early experiences in Canada, if it would serve any purpose. But I do not see why a man's personal life as a boy in this country has anything to do with it.

Mr. STEWART (Edmonton): Mr. Speaker, the question was asked in all sincerity. I merely questioned as to whether the hon. member was a resident in the nineties.

Mr. STEVENS: I will set it down to my dullness in failing to see the point.

Mr. STEWART (Edmonton): Oh, I see.

Mr. STEVENS: I recall perfectly well the early days of the nineties. My hon. friend's interruption prompts me to make just a few observations in regard to that. I remember when I was in the city of Peterborough as a boy. I remember when just such conditions as obtain to-day obtained only in a lesser degree.

Mr. STEWART (Edmonton): Exactly.

Mr. STEVENS: I remember when the late George A. Cox in the city of Peterborough by foreclosing mortgages all over the country reduced hundreds of citizens to penury and want.

Mr. STEWART (Edmonton): Agreed.

Mr. STEVENS: That has not escaped my memory, but I do not see what force there is in pursuing that discussion.

Canada grew, and it grew because capital poured into this country, and there was practically unlimited opportunity for speculation. The point I am coming to is this. In spite of the very foundations of the national policy, monopolies have grown up in this country, and in spite of the enactement of the Combines Investigation Act—and I want to say to the right hon. gentleman who holds that act in such reverence, that I am not criticizing it; I am one of those who want to see it enforced rigidly, and I want him to understand that; I am speaking in good faith—in spite of the combines act monopolies did develop in this country and great dominating factories in industry have grown.

Now I would like to read a few extracts from the speeches of the right hon. the Prime Minister of Canada in his radio addresses last January, and I invite him and I invite the Conservative party in this house to give ear to what I shall now read. I do this not in any critical spirit at all because what I am about to read reflects very largely my own views. What I am about to read would in my opinion, if followed up and crystallized into law, go far to correct many of the inequities in the country. In the first radio address delivered by the Prime Minister on January 2 last these words appear:

> You would agree that free competition—

I ask hon. gentlemen to follow this:

> You would agree that free competition and the open market place, as they were known in the old days, have lost their place in the system, and that the only substitute for them, in these modern times, is government regulation and control.

I pause there to say this. Those are not the words of some irresponsible individual: they are the words of the Prime Minister of Canada, spoken by him to the people of Canada, and I believe earnestly spoken. What do they say? That the only substitute for the open market place, which has passed and gone, is government regulation and control. That is all that I have asked for. It is all that I expected. I submit that these measures to which we have been invited to give consideration do not do justice to this utterance of the Prime Minister which I have just read. I shall deal with these measures later.

I read further from the second radio address of the Prime Minister on January 4:

> The economic system must be reformed. Great social and economic changes have taken place in the life of all the nations and these have gravely disturbed the operation of the system.

That is precisely my view. Great changes have come. They have disturbed the operation of the system. I have shown that it is certainly different from what the framers of the national policy conceived. Therefore it has been my argument, and is my argument, that it is the paramount duty first of the Conservative party in this house, and I think it is the duty of the whole of parliament, to address itself first to the recognition of these matters and to their correction. The Prime Minister's radio speech goes on:

> Therefore capitalism must change to meet the changed conditions of this new world, if it is longer adequately to serve you.

Those are strong words. I have not, Mr. Speaker, gone to the extent of suggesting a complete renovation of capitalism. I am a believer in capitalism provided that capitalism is not expressed in the terms of great monopoly and the control of all its credit in the hands of a few. I am in favour of capitalism in so far as it recognizes the right of individuals to hold and control property, but I am not in favour of a system of capitalism such as was disclosed in the examination by the commission to which I have already made reference. I quote further from the Prime Minister's speech:

> If you hold the views I do, what would you require to be done? Would you demand reform? Would you demand that the government, as the only power able to effect the necessary measures of reform, act decisively and without delay?

I say yes. That is precisely what I am asking. He goes on:

> Would you petition the government to intervene?

Yes, I believe that the government, or rather I will put it this way, that parliament should intervene and set up a power that

will be the referee between these great monopolies and those with whom they come into competition.

The other day, Mr. Speaker, I called the attention of the house to this fact, which I shall take the liberty to repeat now. Times have so changed, and I heard this only to-day in a convention of business men in this city, that no longer can one business man conducting a small business approach another business man representing a corporation and discuss their affairs man to man because the official representing the large corporation invariably answers, "Well, I see your point. I would like to do what you wish but orders from head office prevent me doing it. This is all I can do." Those were his orders, as I said the other day, from New York, Montreal, Chicago, or some other distant point where the head office was located.

The whole method of doing business has changed, and what opportunity, as I remarked the other day, has a small business man, and there are hundreds of thousands of them in this country, to compete with these great corporations unless there is some power in between which can hold the scales in equity between them? And that is all that I have asked. I quote further from the Prime Minister's radio address:

> Would you proclaim the urgent need of government regulation of business?

I have scarcely gone that far. I call, sir, upon parliament to set up machinery, not so much to regulate business, as to referee business. The Prime Minister's words were:

> Would you proclaim the urgent need of government regulation of business?

I am willing to go that far. These measures do not go that far. These measures will not successfully discharge that promise. I quote again:

> I think you would, if you had a proper regard for your own welfare. And of course you have, and so assuredly have I.

Now I quote from the Prime Minister's third radio address delivered on January 7 last. This has to do with the subject of concentration to which I have referred. I am not a lone voice in the wilderness on this question of concentration, Mr. Speaker. From the standpoint of the eminence of the one who uttered these words I am indeed in good company. The Prime Minister said:

> Many years ago disequilibrium in the original interrelationship of wages, costs, prices and profits began to manifest itself. This disequilibrium has been increasing.

That is precisely my view.

> As that machine grew mightier and more dominant, so competition became proportionately less effective to achieve its original purpose.

Those words find an echo in my heart.

> What we are concerned with, as practical men and humanitarians, is to devise some corrective of the disabilities which it takes no economist to discern. Whatever caused them, there is a fair and sensible cure which can be effectively applied. It is our business to apply it.

All that I am asking is that these effective, fair and sensible cures shall be applied willingly to these evils or to this distress.

There is one other quotation which I wish particularly to submit to the attention of hon. members on this side of the house. This is headed Price Spreads Commission and reads:

> At the last session of parliament, the House of Commons, upon the invitation of the government, appointed a committee to go into the whole question of these concentrations of business and price spreads and exploitations of the defenceless primary producer and the equally defenceless ultimate consumer.

I pause to repeat that this commission was appointed to go into the question of the exploitation of the defenceless primary producer. Will any one say that by the wildest stretch of imagination the bill to amend the live stock act is in any remote degree a correction of what were found to be exploitations of the defenceless producer? Is anyone bold enough to suggest that? In so far as the difficulties which face the primary producer are concerned a more anaemic piece of legislation could not have been introduced. It is because of that and because of one or two other things to which I shall refer that I find myself forced to make this declaration to-day. The next quotation I wish to make reads:

> When the report of the commission is received by the government, parliament will be invited to take action in accordance with the commission's recommendation.

I will say this for the right hon. gentleman, when he uttered those words he had no idea of what was to be in the report. Here is a definite pledge that the government will invite parliament to take action in accordance with the commission's report. I continue to quote:

> I think that to-night I need only say this to you: Should the commission find that the primary producer has been denied his rightful profits or that the consumer has had to bear the excessive profits of a dominant industry; if as a consequence of this, the primary producer or the ultimate consumer, has had his standard of living adversely affected, action will be taken to put a stop to these iniquities.

I ask: Has the primary producer been denied his rightful privileges? Is there anyone in this house this afternoon who will say that during the last four years the primary producer of Canada has not been denied his

rightful privileges which should accrue from the labour and energy which he has put into his operations? Will anyone deny that? No; it cannot be denied. It is one of the travesties of the times, as has been shown in this report, that so far as farm implements are concerned, so far as his relations in the marketing of his products through the packers are concerned, so far as his relations to the canning industry are concerned, the primary producer has held the bag, to use a colloquialism. The primary producer is the one who has lost out. Have we been invited to take adequate steps to correct these iniquities? I submit that no adequate steps have been taken. I quote:

> So long as I am head of the government of this country, I will see fair play between the producer and the consumer, between industry and the public. I have no prejudices, I hope, and I play no favourites. But I could not better show my concern for industry than to rid it of those practices which unfairly affect the pocketbook of the great bulk of the people of this country and work a damning injury to industry itself.

These are noble words, but I fail to find in the measures so far submitted to parliament that degree of remedy which was indicated in these words of the Prime Minister.

Let me call the attention of the house to what we have before us. We have had an amendment to the live stock act. One can dismiss that and say that it is little more than worthless. It does propose one or two things which were recommended in the commission's report, but had it been drawn up by the great packing institutions of this country it could not have been more satisfactory to them.

The next are the amendments to the criminal code. Has there ever been a time in the history of Canada and in the history of this parliament when a measure was introduced to parliament in response to the recommendations of a commission which sat for fifteen months with such words as those used by the Minister of Justice (Mr. Guthrie) when he introduced the measure and later when the discussion was finally brought to a head? The Minister of Justice said that these things were offered to parliament but it was not considered that they could be made effective because of constitutional difficulties. Whose business was it to draw them so that they would be effective? I say to the Minister of Justice that had he simply made the offences stated in that bill crimes, they would have been within the powers of parliament. I know what will happen when I say that; I shall be laughed at and ridiculed as a sort of ignorant layman who presumes to talk on constitutional matters. I submit that an impartially minded legal man could draft these measures in the light of the chapter on labour of the report so that they would be within the constitution. Subsection (a), I think it is, of section 5 may be questionable, but I submit that most of the sections could have been brought within the criminal code. How were these amendments introduced? Parliament was told first by the Minister of Justice and then by a leading legal mind of the opposition that they were so much nonsense, on the one hand, and would not be effective, on the other. Did ever legislation start out on a career of reform under conditions such as that?

What was next? We come now to the amendments to the Companies Act. The minister who introduced this legislation stated in one part of his remarks that if he were in private practice he would like nothing better than to be briefed to contest the very measures he was introducing. I ask the serious minded hon. members of this house: Did ever legislation which was supposed to give effect to the solemn words and noble sentiments contained in the three speeches from which I have quoted start on its career of reform under auspices such as that?

We come now to the most important of all, the bill which is before us for third reading. I expressed previously my views on this legislation and I shall not repeat them other than to say this: The bill is drafted and confined to the narrowest interpretation of constitutional law when the report is as clear as day that there are prevailing in this country practices and customs which the report has indicated cannot be covered by statute law but if a commission were set up that would review these matters and make declarations on them, you could build up in this country a corporate practice that would recreate the fair practice of man, that practice which passed away with the open market place. That is what the report suggested. I still suubmit, not as a lawyer, but just as an ordinary member of the house, that if that board had been set up in that spirit, was given as wide constitutional powers as possible, having placed upon it the administration of the various acts, but also being made a referee between conflicting business interests in Canada, a very great service could have been rendered.

But what is the chief weakness of this bill? It has been turned over to the tariff board. I have referred to that before. Let me repeat this: In so far as the worthy judge who presides over the tariff board is con-

cerned, I could conceive of no man better able than he to preside over a body of this kind; but I know, every hon. member knows in his heart that that gentleman has now more to do than he can possibly do, and to place upon his shoulders the interpretation of that report through these anaemic statutes and expect results is asking for the impossible. It cannot be done and it will not be done; do not let us make any mistake about that. We may go out to the country and say that we have set up a trade and industry commission; we may go out and speak in laudatory terms of the chairman and his colleagues—and one could not speak too highly to suit me—but as surely as the sun rises to-morrow, you have handicapped that individual and that commission to such an extent that it is an impossibility for them to give effect to the reforms indicated in this report. What is the use of our deceiving ourselves? I am speaking thus because I am profoundly convinced that we dare not leave these matters in their present form without a final word of protest.

Let me now refer briefly to the Liberal view as expressed in the minority report, and I want to pay this tribute to the hon. member for Weyburn (Mr. Young) with whose economic and social views I do not find myself in harmony at all—not that I do not respect him; he knows I do. But from my long acquaintance with him I know he will take words of criticism from me not as any personal reflection on himself or his party but simply as a conflict of ideas. The Liberal minority view is expressed in these words: it refers to the distress of the workers and it assigns that distress largely, and I think I might say almost wholly, to loss of external markets. I am not going to labour that point, but I wish to place very briefly in review the answer to that which I think is so definite there is no escape from it. It is not argument; it is fact. There is not in Europe a country that in the years between 1923 and 1935 did not erect almost insuperable barriers against most of the primary products that we desire to export. Two or three years ago I placed on Hansard the record, giving the dates, of the amendments to their tariffs. This had nothing to do with Canada; I do not blame those in power during those days. No one has ever heard me charge the right hon. gentleman opposite (Mr. Mackenzie King) or his late Minister of Finance or my dear old friend who on account of ill health is so rarely in the house, the former Minister of Trade and Commerce, the hon. member for North Bruce (Mr. Malcolm) at any time with their having lost Canadian markets, and I say to the leader of the opposition now—and he can use this on every hustings in Canada so far as I am concerned—I do not say that he was responsible for losing the markets; but I do say this: Wheat, oats, bacon, cheese, live stock, honey, flour and a lot of other things all had the duties against them in Italy, France, Germany, Czechoslovakia, Belgium and the United States raised steadily while he was in office. I appeal to the hon. member for Weyburn and in general to hon. gentlemen opposite: In the face of those facts, is it going to advantage the workers of Canada to say to them that the reason they are in their present dilemma is that this government has lost markets for Canada? It simply is not true; that is all. Do not let us go out to the country and say to the working man that restored markets are the cure. I will say this to the present government and I will say it to the leaders on the other side of the house: I will join with anyone at any time in an effort to get wider markets; but do not let us blind our eyes to the exact situation. In addition to loss of markets, there was dislocation of exchange. Is it not amazing that the night before last this house passed in a one, two, three, a bill setting aside some $64,000,000 to stabilize exchange? Why did we not wake up to that need four years ago? It is this belated recognition of problems—

Some hon. MEMBERS: Hear, hear.

Mr. STEVENS: My hon. friends opposite say: "Hear, hear." Not the hon. member for Vancouver Centre (Mr. Mackenzie) who defeated me in the last election, because he has advocated stabilization, but I notice along the front benches hon. gentlemen who were very cautious about tampering with the monetary system of the country. But the point I make is this: here we are five years—well, from September, 1931, three and a half years—after Britain went off the gold standard when the question of exchange became an acute problem. After going through one year, two years, of depreciated sterling currency and disturbance of our trade with Britain in that respect; after all that, now we admit that exchange should be stabilized. It would have been infinitely better had we had the foresight to take that action at that time.

But I come back to the hon. member for Weyburn. The collapse of external markets, the closing of markets abroad, not by this government, not by the government that preceded it, but by the governments of Europe, and the dislocation of exchange, are what has

caused in large measure the collapse of our trade. Let me say to the hon. member for Weyburn: Will he suggest to me that the suffering in the needle trades which is revealed in this report in such tragic form is due to loss of external markets? Will he say that? What we drew attention to in this report was the tragic fate of 30,000, 40,000 or 50,000 workers in this country in the needle trades. Let me give the house a few examples. I read from page 109 of the report:

> Characterized by economic instability and excessive competition, with "contract shops" and "home workers" alongside the usual type of manufacturer, this industry, though it includes many progressive and socially minded members, has had on the whole a doubtful record. The evidence we have taken shows that in many cases this record is only too well deserved.

Then it goes on:

> Through price and wage cutting, these small firms maintain a precarious and temporary existence for themselves at a heavy social cost. Their low wages tend to reduce the level of wages elsewhere, to impair general purchasing power, and to increase relief costs. Their uneconomicaly low prices eagerly sought, if not dictated, by mass buyers, endanger the solvency of more reputable and stable establishments and contribute to the general disorganization of the industry.

I could, if time permitted, follow with quotation after quotation indicating the tragic condition of the workers. Is that due to the loss of external markets? I hear my hon. friend say, sotto voce, yes.

Mr. YOUNG: Yes.

Mr. STEVENS: My hon. friend still persists. It was caused, as the report indicates, largely by mass buying, largely by the concentration in the hands of a few people of the buying, and in some instances, not so much in this industry as in other industries, the cause lay in the hands of producing concerns. Those conditions cannot be blamed on a loss of external trade. They are conditions which have grown up in Canada and are there challenging our consideration and attention. We are told that the remedy for that is amendments to the criminal code which the Minister of Justice introduced the other day with such doubtful terminology.

Now, sir, the other argument of my hon. friend in this respect is the law of supply and demand. Perhaps he would like me to cite his words to the house. He says:

> The best balance will be maintained by the free play of nature's law of supply and demand.

And again:

> If economic forces are allowed free play the marginal producer will be the first to go—

I should like my hon. friends to listen to this:

> —and the field will be left to the more efficient. In this way the industry would be put on a sounder and more economic basis than would be possible under a regulating board.

What the hon. gentleman says there is this —he will correct me if I misinterpret him. He says the best balance will be maintained by allowing nature's law of supply and demand to have full swing. Will he or anyone in this house indicate any place in the world, outside of perhaps some remote country that we scarcely ever hear of, where the law of supply and demand is functioning? Is there any place in the realm of international trade to-day where the law of supply and demand is functioning, not fully, but functioning at all?

An hon. MEMBER: Not even in the cocoanut groves in the south seas.

Mr. STEVENS: It is not functioning. In Europe every major country which is a market for Canadian products has prohibitions of one kind and another and for one reason and another; in part because of fear, of the threat of future war; in part to take up again the tasks of pre-war days in the way of agricultural production and so forth; in part growing out of the tendency that developed in post-war days of dumping goods all over the world. Great Britain did it, the United States did it, Canada did it; Czechoslovakia, Germany, France, Italy, all did it. What did you read in your papers the other night? That an organization had been formed in Germany of certain industrial groups. What for? To tax each member of the group, I think seven to ten per cent, to create a fund out of which to pay bonuses for the export of goods. That is the competition we are going to be faced with. What is Japan doing? I think my hon. friend in one of his speeches cited Japan. What is her policy? Japan's policy is for the government to control the great corporations like Mitsui and Mitsu Bishi, which work hand in glove with the government, almost as departments of the government. And how do they handle it? By their system of control of these corporations. Internally they charge a price which they fix as a reasonable price for their people, and then, out of resources thus built up, they sell the goods abroad at figures that appal the world; figures that startled Italy so much that Mussolini set up practical prohibitions against Japanese goods; figures that startled England so much that the year before last she had to take measures to deal with the matter, and compromise by giving Japan a quota in her

territory; figures that have driven Canadian trade out of the West Indies, out of parts of Africa, and are threatening us in other parts of the world; figures that it is clearly demonstrated are below any possible costs of production. Such systems exist in various countries. What is the use of saying to this parliament and to the hard driven worker of this country: The solution for you, my friend, is the unrestricted play of the law of supply and demand. One might just as well talk about controlling the laws of gravity. These laws are not functioning to-day. My hon. friend cannot put his finger on any country in the world where they are.

But what is the ultimate result of his course, assuming it could be operative? He says:

> If economic forces are allowed free play, the marginal producer—

Get this.

> —the marginal producer will be the first to go.

In other words he introduces the old law, the natural law, I suppose he would call it, of the survival of the fittest.

Mr. GARLAND (Bow River): The jungle law.

Mr. STEVENS: "The jungle law" someone suggests. Well, Mr. Speaker, is Canada to come under the jungle law? As a matter of fact we have it to-day. What I am trying to do, and what others are trying to do who argue as I have argued in this matter, is to induce parliament to recognize that two-thirds I would say, of our people to-day are suffering because certain groups are practising the jungle law. In this report we have called for a recognition of the overwhelming power of concentrated wealth, and the penalties that are suffered by the whole agricultural industry, by the workers in large measure and by the small business men and professional men of this country. That is why we are asking that parliament, as the custodian of the social rights of the people of Canada, should step in and—not regulate and interfere with private business, but stand between predatory interests and the fair operation of competitive measures between citizens of this country.

Now, sir, I want to speak very kindly but very frankly and plainly to my hon. hon. friends on this side of the house. We came into this house five years ago with a large majority. We had unlimited power so far as parliament was concerned.

Mr. CASGRAIN: You used it, too.

Mr. STEVENS: We were swept into office on a wave of distress and depression. It is of no profit now to go back and review what might have happened in the last days of the government of my right hon. friend opposite. We were honoured with the confidence of the people of this country. The question we have to ask ourselves is: Have we been true to that trust? That question calls for answer; that question is going to be answered some time within the next few months.

Let me ask this, Mr. Speaker: Have we solved our domestic problems in Canada? It may be interjected here that there were great international problems challenging the attention of the government. I question whether a country like Canada is justified in giving great external questions precedence over domestic questions; I question that frankly. What have we had externally? We had an international conference on monetary matters. I ask any hon. gentleman in this house: Did anything come out of that, other than a peculiar determination to buy a certain amount of silver? Did anything come out of that of any value to Canada? It is true that the nations of the world said twenty-five per cent gold coverage was sufficient where practice and custom had said forty per cent previously, but will anybody say that the great gold standard policy is any more effective now in bringing happiness, contentment, stability and prosperity to this country than it was five years ago, before that conference was held? Is there anyone, other than Montagu Norman of the Bank of England and a few others who still stick to it, who will say that the gold standard so-called is operating in any country in the world? I think Switzerland is the only country in which it is operating. Holland is boasting that it is operating there; it is not. France has boasted that it has maintained it; it has not. The United States has the largest quantity of gold of any country in the world, and certainly the gold standard is not in operation there. Great Britain has a stabilization fund of some six or seven hundred million pounds, but the gold standard is not operating there. Canada is the second or third largest producer of gold in the world and is in a fortunate position, but the gold standard is not operating here. We have been clinging to these old shibboleths; we have been hanging on tenaciously to stability of currency and things of that kind, and at the same time we have forgotten that there are domestic problems calling for attention and consideration and solution.

What have we done in connection with the unemployment problem? It does not follow that my hon. friends opposite can say that the whole responsibility is on the government,

because after all, as I said the other day, this house represents the last stronghold of democracy and it will not do for hon. gentlemen opposite simply to cast that question across the floor of the house. I ask this house: What have we done in regard to unemployment except give relief to people in distress, and generally speaking I think that has been done generously. But, sir, as to the underlying causes of unemployment I ask you: In the last five years has this house spent, I was going to say one consecutive hour, on it, other than some desultory speeches, in an attempt to solve that problem? What have we done with regard to the high interest burden? Has that question been solved? Is it a question that Canada ought to face? Is it a domestic question? True the hon. member for Macleod (Mr. Coote) and one or two others brought it before parliament and it has been discussed in a desultory sort of way, but the problem of the weight of debt and the high, usurious rates of interest in this country has never once gripped the attention of this house though it is one of the underlying domestic problems that is causing much of the distress in this country.

Well, we come to the wheat question. I cannot discuss that in detail, but I think I am at liberty to refer to it in passing. The wheat question was under consideration at an international conference held more than two years ago. Certainly no results came from that conference, except that there was an attempt to stabilize the movement of wheat in the world, which was quickly abandoned by one country, which threw the whole matter out of gear. The one thing that prevented the wheat question from becoming one of the most tragic problems this country had to face last year was the failure of nature to bring some rain in the United States and the Canadian west, and the fact that there were some grasshoppers there. These factors brought about the postponement of the wheat question, but what have we to-day? You, Mr. Speaker, and others in this house who come from the west, know that there is a likehood of a four hundred million bushel crop in western Canada and a two hundred million bushel carryover. We are setting up a wheat board, that is all very well. Let me pay this tribute to the right hon. Prime Minister: I am in hearty accord with the review of the last four and a half or five years which he gave in the house in such an able manner the other day. But, sir, what of the future? By turning over your problem to a wheat board have you solved the problem? Why, you have not approached a solution. I want to say that in my belief next winter, in all probability, we are going to be confronted with the worst problem in connection with wheat that we have ever been confronted with. I should not like that to be interpreted as a suggestion that the policy that has been followed for the last four years is wrong. There may be some things that might have been done or some things which should have been left undone, but in the main I think everything was done in the best interests of the country at the time, and the western farmers have benefited. Let me say to my hon. friends from the west, from where I come myself, that this autumn we are going to be faced with one of the most difficult problems that ever confronted this country or any government in this country. So do not let us think we have solved the wheat problem.

What about housing? A bill was introduced last night in that connection. I have not had time fully to study it but I was grievously disappointed when I found that only $10,000,000 was provided for housing. Does this house realize the situation? For four years we have been spending probably $60,000,000, $70,000,000 or a little more in construction and reconstruction. The normal expenditure over a long period of years is about $300,000,000. Not long ago I ventured the statement—

Mr. SPEAKER: I do not want to interrupt the hon. member but I do not think he should refer to that question. It is before the house in another measure and is not the subject matter of this bill.

Mr. STEVENS: Very well, Mr. Speaker. I will refer briefly, then, to the sweatshops. I have already indicated the abortive nature of the amendments to the criminal code, which were introduced in this house by a minister who damned the bill in its introduction. I have already dealt with vicious trade practices.

In conclusion, sir, I want to say that this parliament—I am speaking of the parliament and not of the government—came into existence five years ago with high expectations. The people trusted it. It has been nurtured throughout largely on dissertations on constitutional law. There has not been a question of importance brought up concerning the domestic affairs of this country in connection with which we have not been confronted with the British North America Act, to such an extent that when you go throughout the country to-day as I do there is scarcely a place where people will not approach you and ask what is meant by the constant resurrection or bringing to the front of the British North America Act. I admit the force of the argument that we must not invade provincial rights; no man has ever heard me advocate

that but, as I said the other day, if parliament is to be handcuffed by the British North America Act in heaven's name let us at least attempt to unravel that problem. But we have not done much in regard to it. We have been drugged into quiescence by a few ill-considered bills that were damned when they were introduced by those who introduced them.

Mr. Speaker, I speak with a good deal of regret, but I feel that we have failed to hear the rumblings in the country, the rumblings of discontent, the demands for action, the claims from the farmers, the workers, the business men, industrialists, manufacturers and professional men, all of whom are looking to parliament to find some way out of this difficulty with which we find ourselves confronted. I still believe it is possible for parliament—too late now, perhaps—but I still believe it was possible for parliament to bring some measure of justice, some measure of equity, some laws which would enable men to live one with the other in honest competition, rather than to be subjected to the domineering control of certain industries. I believe, sir, that the ideal of the Canadian people is justice, equity and fair dealing, and I believe the Canadian people will demand of hon. members, as we leave this parliament and face the country, that we answer them as to why it was in this closing session of parliament we have not done more than has been done in these three or four bills which, in my opinion, are wholly inadequate to deal with the difficulties with which we have been confronted.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, in 1867 the provinces were united together under a statute known as the British North America Act. This statute constitutes the constitution of the Dominion of Canada. It contemplated a federal, not a legislative union. Under the provisions of that statute, whether we like it or not, we are bound until such time as the statute has been changed, by proper authority.

On May 30, 1919, this House of Commons set up a committee constituting of Messrs. Nicholson (Algoma), Stevens—the hon. member who has just taken his seat—Reid (Mackenzie), Douglas (Strathcona), Davis, Hocken, Sutherland, Fielding, Davidson, Nesbit, McCoig, Sinclair (Queens, P.E.I.), Devlin, Vien and Euler—

> for the purpose of inquiring forthwith as to the prices charged throughout Canada for foodstuffs, clothing, fuel and other necessities of life, and as to the rates of profit made thereon by dealers and others concerned in their production, distribution and sale; also as to rentals of dwelling houses in industrial centres of Canada and rates of return of capital invested therein, with power—

And so on.

That committee held many meetings, and made two reports an interim and a final report. I shall refer to the interim report. The committee was presided over by the late George B. Nicholson, and I believe the hon. member who has just taken his seat was at times vice-chairman. The interim report reads in part as follows:

> Tuesday, June 26, 1919. The special committee appointed for the purpose of inquiring forthwith as to the prices charged throughout Canada for foodstuffs, clothing, fuel and other necessities of life, and as to the rates of profit made thereon by dealers and others concerned in their production, distribution and sale, also as to the rentals of dwelling houses in industrial centres of Canada and rates of return of capital invested therein, presented the second report of the said committee.

Then they report that they have examined numbers of witnesses.

> There has come to the attention of your committee evidence in regard to undue profits being made on certain commodities. Your committee in order to provide a means by which a recurrence of such may be prevented and that the public may be protected against unfair practices in trade recommend to the consideration of the house and the government that legislation be enacted at this session of parliament creating a tribunal with power to investigate mergers, trusts, monopolies or organizations of any kind or nature, which tend to limit facilities for transporting, producing, manufacturing, supplying, storing, or preventing, limiting or lessening manufacture or production, or fixing a common price, or a resale price, or a common rental, or a common cost of storage, or transportation, or enhancing the price, rental or cost of article, rental, storage or transportation or preventing or lessening competition in or substantially controlling within any particular district, or generally, production, manufacture, purchase, barter, sale, transportation, insurance, or supply, or otherwise restraining or injuring commerce, or unduly enhancing the price of the necessaries of life, also with regulative power in connection with discriminations in price between different purchasers of commodities, exclusive purchase and sale arrangements, inter-corporate shareholding and interlocking directorates and unfair methods in commerce.

That report is signed by the chairman.

The third report was dated July 5, 1919, and is a comprehensive survey and review of conditions as they had existed in Canada. Those conclusions being somewhat long I shall not take the time this afternoon—indeed I am not able to—to read them at length, beyond saying that the remedy is to be found at page 12 of the report. I shall direct the attention of the house seriously to these remedies or recommendations:

26. The board of commerce. Your committee in their interim report recommended the constitution of a board of commerce, which would continue and extend the work done not only by this committee but by the various controls which the government have put into operation during the war. The publicity given to the investigations of such a board will have a steadying effect. Its powers of regulation applied to trade practices and agreements will speed reform, and large questions of policy where trade tends to combinations and restrictions may be submitted to the board for advisory action.

Cooperation was the next recommendation. Then, "specific remedies for these conditions can only be expressed in general terms." The report goes on to give further details.

What happened? On the strength of that report the then Prime Minister introduced two resolutions to this House of Commons which, in due course, were followed by two bills. Those two bills were given first reading in this house, second reading in this house and third reading in this house, were sent to the Senate and became law. At page 488, of the Journals of the House of Commons for 1919 these words are to be found:

By leave of the house Mr. Meighen obtained leave to introduce the following bills, which were read the first time, and ordered for a second reading at the next sitting of the house, viz.:—

Bill No. 166, an act to constitute a board of commerce for Canada.

Bill No. 167, an act concerning the investigation and restraint of combines, monopolies, trusts and mergers and the withholding and enhancement of the price of commodities.

I shall not follow the references in detail. It will be observed that on the recommendation of the select committee of the House of Commons, of which the hon. member who has just taken his seat was a member, so far as I can find the report was made unanimous. This is a report of a committee considered and approved by both sides of the house. The essential facts in the report may be summarized in two recommendations (1) that a board of commerce with large powers shall be created, and (2) that a statute dealing with monopolies and combines was to be enacted by this parliament.

On the strength of those recommendations Mr. Meighen, the then Prime Minister, introduced these bills to the House of Commons, and those who are desirous of reading them will find them in the statutes for that year. They are extremely comprehensive; they are extremely drastic. They attempt to do everything that has been suggested here this afternoon may be done—everything.

As I said at the threshold of my observations this country has a constitution; it is a federal union. Those two statutes in due course went before the privy council, and the privy council decided both of them were bad. Those are the facts. That constitution, not having been changed, meantime the law of this country as it affects these matters is to be found in those two cases. Therefore a government must do one of two things, it must invite parliament to pass a statute which it knows is illegal and which will be set aside at the first opportunity, or it must ensure that there will be some amendment to the constitution in order to render constitutional that which has been declared unconstitutional.

Now just let us for a moment look at it because those two cases have had a tremendous effect upon certain things that I said and that I believed in then and still believe in to-day. I have not changed my mind, but I am going to point out what these cases mean. There is the board of commerce case. I am not going to bother the House of Commons this afternoon to read the decision of the privy council with respect to that case. But there was a court set up by this parliament with all the regulatory powers that have been suggested this afternoon should be vested in some board created by this parliament. The privy council says you cannot do that thing. There was also the statute against combines and monopolies, which also was set aside. Fortunately this later statute as it was developed in more recent years was held to be intra vires by the privy council, and it is unnecessary for me to do more than to say that part of the effort made in 1919 has been accomplished by the effort that has been made successfully in the present combines act.

Those being the facts, let us look at this matter fairly. It is no good to appeal to prejudice; it is no good to inveigh in passionate terms with respect to evils, if this tribunal cannot deal with those evils. All I can say is that there are certain evils that I believed could be dealt with, and I referred to them in certain radio addresses, and I did say that I would endeavour to implement the recommendations of the price spreads commission, but I of course believed that the price spreads commission would at least recommend legislation that was intra vires of this parliament. I believed that it would at least recommend legislation that it knew could be dealt with by this parliament. I believed that it would at least take some cognizance of the report made in 1919 and of the two statutes which the Prime Minister of that day introduced to implement it and which were declared in due course to be bad, invalid, and ultra vires, and I

stand by what I then said. Within the constitutional power of this parliament we have submitted to this house measures that we believe are within the competence of this parliament, subject to what I shall say presently, and which embodied the effect and purport of the decisions of the privy council with respect to the legislation on the recommendations made in 1919.

My view is that the constitution of this country must be changed. I have held that view strongly. But it is all right to say you believe in that. You must remember this in a country like ours: This is a country in which you have diverse races. You have minority rights to consider. You are not like a country where your entire population is of one race, speaking one language, and with one set of customs. You must have regard to these facts when you talk about amending the constitution. The constitution cannot be changed in a single day because some man finds that he cannot do under the present constitution what he would like to do. The constitution of Canada was arrived at as a compromise. It was arrived at after many matters had been discussed, after many negotiations and those who are familiar with the agitation that has been carried on in the maritime provinces cannot but recall that in the city of Saint John and elsewhere it has been contended that the constitution as it now stands was a departure from the understanding between the parties who negotiated the terms of the constitution.

I have endeavoured to discuss the question of amendments to the constitution on more than one occasion with representatives of the provinces. The right hon. gentleman who leads the opposition called together a conference, they sat for a week discussing the question in a solemn and serious effort to arrive at a conclusion as to what steps might be taken to amend the constitution and at the end they had arrived at no definite conclusion because there are problems that you meet at the very threshold of any such discussion that make it very difficult not to create an air of suspicion with respect to rights that are prized more dearly than anything else in the world. It is so necessary that we should keep that fact in mind in dealing with a problem of this kind. I have endeavoured to point out that anyone dealing with this matter must take cognizance of what has taken place, of the effort made by parliament and of the failure of parliament to accomplish the end aimed at because of insufficiency of legislative jurisdiction.

Now let us go a step further and deal with the report that is now before the house called the price spreads report, as it relates to the legislation in this bill which is now before the house for its third reading. I suppose I must in the very nature of things make a few observations with respect to one or two matters that have been referred to.

How can it be possible for any member of this house to stand up in his place and say seriously: Why don't you pass an amendment to the criminal code and deal with these matters that way? Well, the counsel who argued the board of commerce and combines cases in 1919 urged that same argument. They are all dealt with, and in the proprietary medicine case Lord Atkin dealt with this problem. I may point out that the present chief justice of Canada speaking for the privy council in the celebrated reciprocal insurance case pointed out that it was ultra vires of this parliament to make anything it pleases a crime. The chief justice in reading the judgment of all the court pointed out—I am speaking from memory—that when parliament endeavoured to make it a crime for an insurance agent to solicit business for a non-registered company, a company that had not come within the provisions of the insurance act, that that was ultra vires of parliament and must be treated as such, and he set aside that part of the statute as being invalid because it was an interference with and an encroachment upon provincial rights, and disguising the encroachment upon that power by the assertion that a certain combination of conditions constituted a crime. Now I have to meet that fact. Whether we like it or not we have to meet it, and if I assumed with the aid of counsel that the price spreads commission was going to make recommendations within the law, I think I was perfectly right in assuming it would when I made the statement I did in January. What is more, to the limit of the power of parliament we have invited parliament to pass measures that will give redress within our competence.

To deal for a moment with criminal law, I would be the last to say that men who are trained in the law have any peculiar monopoly of judgment with respect to any particular matter, but they at least are trained to know something of the principles that govern courts in deciding cases, and it is their business at least to point out, if they happen to be in government, to those with whom they are associated, the Minister of Justice and others with whom they can discuss it, what constitutes the limitations upon our constitutional powers. It is so easy for those who do not know to assume a power which does not exist. It is so difficult at times to make the ordinary

man realize a power does not exist. It is so easy for one to say: Why cannot you make that a crime? I confess that I am one of those who in my younger days believed that parliament could make anything a crime. I thought that power did exist, and when the privy council declared it did not, I had to revise my views. That is one of the things lawyers have to do, revise their views from time to time as decisions are made as to what rules shall govern in determining whether or not a particular statute is within or without the powers of parliament. Leaving criminal law for the moment I desire to deal with one other matter.

It is said, for instance, that the statutes which are now before the house fail to implement the promises that have been made with respect to what parliament would be asked to do, and particular reference has been made to the live stock industry and the live stock statute. Well, sir, there is perhaps no one single matter that engaged the attention of the Department of Justice more than that, and the difficulty of the price spreads commission lies in the fact that it did not adequately understand the extent to which existing legislation granted a remedy. That is the real trouble. For instance, on the question of the difficulties with respect to live stock I hold in my hand a memorandum submitted to the Minister of Justice (Mr. Guthrie) by the Department of Agriculture, and I am going to read part of it:

"As a step toward the solution of some, at least, of the problems...." of the producers of live stock, the royal commission on price spreads recommends that a live stock board be established under appropriate jurisdiction.

It is evident that the suggested duties of such a board, as summarized in section 15 on page xxii of the report, have been outlined with but scant recognition of the extent to which many of them are now being performed by the Department of Agriculture, and without consideration of the possibility of providing for the performance of practically all of the remainder through minor amendments to existing legislation, more particularly the Live Stock and Live Stock Products Act.

It is the considered opinion of the department that the creation of a live stock board for the purposes outlined would result in overlapping of, and confusion in respect of administrative authority, and that it would seriously retard progress which, through constructive effort over a long period of years, has been made in encouraging the production of improved live stock and in safeguarding the producer in the marketing of it. Increased momentum in the direction of the objectives defined in the commission's recommendations can, in the opinion of the department, best be attained under authority of the Natural Products Marketing Act and of the Live Stock and Live Stock Products Act, amended where necessary to provide for extension of this authority.

Dealing specifically with the duties of the proposed live stock board as outlined by the commission, the comment of this department is as follows:

"(a) The prompt dissemination of information to producers and the trade generally, in respect to production, marketing, stocks, and prices, both export and domestic:"

Through the markets intelligence service of the live stock branch, market information is now assembled by telegraph from all stockyards in the country, and by cable from Great Britain. This information is supplied to the daily press and to broadcasting stations. It covers:—numbers of all classes of live stock marketed in each yard, price ranges, grade by grade, movements within the dominion and on export, comparisons with previous years, comments on price tendencies, et cetera, and, in the form of weekly summaries, monthly reports and annual reviews, is available to producers and to the trade.

"(b) Administrative jurisdiction in matters connected with all phases of live stock marketing and in connection with disputes between producers, processors, et cetera:"

Under the authority of the Live Stock Products Act, the department has for years exercised administrative jurisdiction in matters connected with live stock marketing. This authority has been extended from time to time to provide for increased encouragement of, and protection to producers, and, as indicated in dealing with sections 1 to 14 in the commission's recommendations, is capable of further extension.

Section 17 (1) of the Natural Products Marketing Act provides that "The minister may, at the request of the board or upon his own initiative authorize an investigation into the cost of production, wages, prices, spread, trade practices, methods of financing, management policies, grading, transportation and other matters in relation to the production and marketing, adaptation for sale, processing or conversion of any natural or regulated product." In addition, under section 4 (b) of the Live Stock and Live Stock Products Act, authority is given to the governor in council to make regulations prescribing "the manner in which complaints against the operation, maintenance, or management of stockyards shall be made and investigated:"

Again, under section 4 (j) of this act, authority is given for the making of regulations prescribing "the manner in which complaints against live stock exchanges, cooperative associations, commission merchants, dealers, or members of live stock exchanges, shall be made and investigated:"

There is the power which has existed for years. Why pass another statute which will overlap the existing laws? As is known to hon. members, the difficulty lies in the lack of enforcement of the laws of Canada; it is not in connection with laws, which if slightly amended, as has been done in this case, will meet the situation to which the price spreads reports direct attention. The difficulty has been that no one has been charged with the enforcement of these laws and that is why

provision is made for a director of public prosecutions in the bill now before the house for third reading. The following is the next recommendation:

"(c) Licensing and supervision of truckers, dealers and export packers; where necessary in cooperation with provincial authorities;"

Under sections 7, 8 and 10 of the Live Stock and Live Stock Products Act, authority is given for regulations under which commission men and dealers in live stock are now licensed. Suggestions as to how, under this authority, the basis of licensing could be modified to more closely correspond with the recommendations of the commission were made in dealing with recommendation 4. Regulations established under authority of section 4 of the Live Stock and Live Stock Products Act now provide for the licensing of packers in respect to the exporting of bacon to Great Britain. The licensing of truckers, as implied in the committee's recommendation, involves cooperation with provincial authorities, and the manner in which effect could be given to this phase of the recommendation to the fullest degree was covered in dealing with recommendation 5.

"(d) Adequate inspection of all marketing stages and action to correct abuses:"

The Live Stock and Live Stock Products Act is primarily designed to provide for adequate inspection of all stages in the marketing of live stock, and to correct abuses in the system. Under the authority of the Natural Products Marketing Act, producers now have the opportunity of exercising as much influence as may be found possible to this end.

"(e) Cooperation with producers, processors and the trade generally, to ensure as far as possible a balance between production and available markets;"

This recommendation implies regulation of production which, in the case of live stock, can possibly never be accomplished except to a very minor extent. Under the authority of the Natural Products Marketing Act, producers now have the opportunity to accomplish, indirectly as much as may be advisable in this regard.

"(f) To encourage the organization of producers of live stock for regular and orderly marketing;"

Under the Natural Products Marketing Act, producers now have every opportunity to organize to promote regular and orderly marketing.

Last year we passed the Natural Products Marketing Act to deal with that very thing. Why duplicate it? Why place upon the statute book something that already exists?

"(g) Improvement of quality of all live stock;"

Three branches of the department—the live stock branch, the experimental farms branch and the health of animals branch—in cooperation with the several provincial departments of agriculture and agricultural colleges, have been for years, and are now engaged in numerous activities designed to improve the quality of live stock of all classes throughout the dominion.

Does anyone suggest that we require a new law to deal with that recommendation? Does anyone suggest that there has not been upon the statute books of this dominion and the various provinces ample legislation to deal with that? The recommendations continue:

"(h) The formation of a uniform policy on extenral marketing, with a view not only to promoting new, but also retaining and developing, existing markets;"

Government policy in relation to external trade, rather than the administrative functions of any board or department, will be involved in giving effect to this recommendation.

It is known that we have people in England for the purpose of maintaining the quality of our products under this very act and for the purpose of making our standards what they should be. The bill now before the house for third reading provides for the creation of Canada standards similar to the British standards which they have in Great Britain.

"(i) The stabilization of supplies, and the regulation of quality to each particular market;"

Under the Natural Products Marketing Act, producers now have the opportunity to go as far as may be found possible in stabilization of supplies and in regulation of quality to each particular market.

"(j) The utilization of all available means to secure fair returns to the primary producers of good stock."

The establishment of adequate grading services is implied by this recommendation. Such services, in relation to certain products, are now in effect under authority of the Live Stock and Live Stock Products Act, and provision for the establishment of others may be made by minor amendments to the act, as already recommended in dealing with recommendations 7, 8 and 11. In addition to this provision, there is the possibility of developing relative grade values under the Natural Products Marketing Act.

"16. The live stock board to make a careful survey of the situation in the British market, with a view to:—

(a) Ascertaining to what extent Canadian packers and the British bacon committee operate as a mutual body; and

(b) To revise the grading of export bacon so as to insure the highest possible price for Canadian "selects" and "bacon" hogs; and

(c) To secure such a system of distribution as will satisfactorily meet the requirements of the British trade, while at the same time insuring full and adequate protection to the producer of hogs in Canada."

(a) Any survey of the situation in the British market which may be found advisable may now be made under authority of part II of the Natural Products Marketing Act.

These surveys have been going on in England both under the live stock act and the marketing act and reports are coming in week by week as to what should be done to impove conditions there.

(b) Any revision of the grading of export bacon which may be found advisable involves merely modification of regulations now established under authority of section 4 of the Live Stock and Live Stock Products Act.

(c) The department now has plans under way to appoint representatives to Great Britain, and to other countries to which Canadian agricultural products are exported, in order that products going forward from Canada may be checked as to grade, condition and suitability for the trade for which they are intended. Such representatives, who will possess agricultural experience and training, in addition to technical qualifications for market work, will also be in a position to advise the department with regard to market requirements and possibilities as well as trade practices, and in general will endeavour to promote satisfactory trade relationships.

That report was made by the Department of Agriculture to the Minister of Justice, and upon it the minister prepared the legislation which has been introduced into this house to amend the live stock act. The amendments suggested plus the provisions which now exist under the marketing act and the live stock act and the relevant acts to which reference is made by the deputy minister provide complete provisions to deal with every recommendation made by the price spreads commission. There is not a single one which has been left out. Why should we duplicate them and put them again upon the statute book? Why talk about abortive legislation? Why attempt to belittle the efforts which have been made to give effect to the commission's report within the ambit of our power under the constitution? Why do this when every recommendation of substance is covered by existing legislation or the proposed amendments thereto? That is the question to ask and that is the question we must consider. I say frankly that the Minister of Justice was careful to take advice from eminent counsel upon that matter and also with respect to the powers that might be exercised by this parliament. In the bills that have been before the house dealing with that matter plus the bill that is now before the house for third reading, dealing with standards and the maintenance of them, every recommendation made in the pages of that report has been dealt with, the legislation being based on that assumption.

As regards industry, it will be remembered what the report of 1919 was. I have already pointed out what the decisions of the court were upon that legislation. I have not time this afternoon to read to the house the details of the legislation of 1919 that fell as being unconstitutional, but I suggest to hon. members if they will take the trouble to look at the statutes of that year, read the Board of Commerce Act and the Combines Act of that day and then read the decision of the court as to their invalidity and unconstitutionality, hon. members will realize that an honest effort was made at that time by the government of that day to place upon the statute books laws that would meet these very recommendations and that have been declared invalid. This government does not ask the house again to pass invalid statutes and create the idea that we have formed a board with powers to do so and so when the privy council said that such a board would be absolutely without power.

I go further; I wonder how many members have taken the trouble to read the decision of the supreme court of the United States in the NRA code case. I wonder if they have considered the relevancy of the reasoning in that case to ours. It must not be forgotten that the United States was a federal union an experiment long before we came into being, and frankly it was admitted that except as to the residue of powers vested in the federal union established in Canada distribution of legislative power was in the case of the Canadian union similar to that of the federal union of the United States. That was admitted on all hands in 1867. What did the opinion of Chief Justice Hughes and the shorter opinion of Mr. Justice Cardoza point out? That you could not delegate to a body set up by congress the power to make laws; that that rests with congress and with parliament and not with a body thus created; that you could not determine the question of legal ethics and give them a real sanction. But what we have done in this house is this. Once we create a body with certain powers, then ancillary to the administration of those powers, that body may pass certain regulations, always within the ambit of the powers conferred, as will enable the act to be made workable and effective. That is the law alike in the United States and in Canada. Why should we be invited to create something we know will be without power, invalid, and without the right to exercise the powers suggested? No one for a moment will say that that should be done. I know this much, that that is the position this government has taken with respect to these matters. It is easy to endeavour to arouse public opinion and to say that the government of the day has failed to discharge its duties; but if it has done all it may legally do, it lies in the judgment of no good citizen to call upon a good government to do that which is known to be illegal. That is the position. Is that not the very view which the former Minister of Trade and Commerce himself took in 1923, when he said:

This is one of the greatest problems facing economists to-day. It is cropping up everywhere. It has cropped up in the agricultural

conditions committee, in the banking and commerce committee. In the consideration of any of the great problems of the day this question is the most perplexing one that arises. Yet through the medium of many of the large combinations of business in this country that evil has been, I will not say eliminated, but reduced, and the stabilization of both production and distribution has been secured. Now, why should we seek to erect that into a crime?—for that is what parliament, in effect, does, and it is the feature of the bill above all others that I object to. I believe, sir, that this bill is based upon false premises. Any given action is not a crime simply because parliament may choose so to describe it.

Those were the words of the former Minister of Trade and Commerce in 1923. He continued:

It must in itself be a criminal act. The judgment to which the right hon. Prime Minister has referred is filled with extracts from decisions of the privy council and of eminent jurists throughout the empire, not only in the case of the board of commerce, not only in the case of the Wholesale Grocers of Ontario, but in the case of Australia vs. the Adelaide Steamship Company and many others. It is set forth most clearly that merely to declare, through the criminal code, a thing to be a crime does not necessarily make it a crime—and that is what I particularly wish to emphasize to-day. The act of combination is not an offence.

That is equally true to-day as it was then, because the courts have gone further since then than they did prior to that time. They have declared in terms that may not be misunderstood that it is not open for this parliament to say that a given act is a crime merely because somebody feels it should be a crime. After all the code is not based on what one person may think should be a crime; another may think the opposite. There is a general trend of opinion with respect to that based, as has been said, generally upon the theory of the Ten Commandments that have found expression in the criminal laws of all countries. The growth of the criminal law in England, the growth of it by statute under the code as we have it in Canada are but exemplifications of that idea. But to say that any given action is a crime simply because parliament may choose so to describe it, was unsound in the opinion of the hon. gentleman who has just taken his seat, in 1919, just as it is to-day.

One step further. As regards stabilization we have not gone any further by our action of the other day than we did before. We have given power by order in council on proclamation to deal with a certain fund for the purpose of stabilization of exchange. I can only say this. Dealing with the financial problems of this country, if I had to deal with them again under the same conditions, I would deal with them as I have done. I say that to the house, and at least during four years of that time the hon. gentleman who has just taken his seat was a party to those policies.

One step further. There are problems connected with housing. In 1919 there were problems connected with housing. They should be more acute now than they were then; but when the Dominion of Canada makes available for certain purposes the sum that it has, it has gone just as far as it can under the present financial conditions of the country. When I hear statements made as I do frequently as to why we do not spend large sums of money, my answer is: We have not the money to spend. When I am told that I should start the printing presses to provide the money, I say: I am not prepared to do that. When the attack was made a few moments ago about interest rates, I wonder whether it is possible that there is only one man in Canada who has not read of the reductions that have been obtained in interest rates through the efforts largely made through the Department of Finance to induce the banks and other monetary institutions to pay smaller rates upon deposits until in the end we have much the lowest rate on treasury bills that have ever been known in the Dominion of Canada.

But the question is different when you have to deal with the problem of interest rates on past securities. I am not talking now about the nation's securities, for within the time that they may be funded, if they are callable, it is always open for the nation to call them and exchange them for securities at a lesser rate of interest, exercising the power given. But if there is no power, I will give the house an example of what may happen. The other evening the hon. member for North Waterloo (Mr. Euler) asked a question as to the funding of securities. It was answered, and within twenty-four hours there came from the High Commissioner in London a cable asking whether anything had been said about the compulsory retirement of securities at a lower rate of interest without there being any callable provision. Someone had misunderstood what had been said, and there was great anxiety in the city of London as to whether we were going to refund our obligations in that way. I merely mention that as an illustration of how acute these matters may become. I trust I shall not be misunderstood when I say that anything that smacks of repudiation of the obligations of this country, this young community cannot

afford to permit. It may sound very hard, but for the Dominion of Canada solemnly to determine that it would not pay the interest on its debt except at three per cent when the bond said four per cent would be the ruin of Canada. That is all. Much more true is that with respect to private obligations, because once it gets abroad that we are prepared to enact legislation, whether it be provincial or federal, that destroys the contract made between the borrower and the lender—destroys it I say—and substitutes for it something else, that moment we have become what is familiarly knowns as "welchers." Let us face this thing like men, that is all there is about it. There is no getting away from it, we might as well be frank.

But what we did was this; we went further than many people thought we should, but not further than I thought we should; we availed ourselves of the provisions of the bankruptcy clause of section 91 and made it possible for those in dire distress to effect a compromise that would commend itself if necessary to the judgment of a court of review. Could anything go further than that and still be legal? Before we did it the Supreme Court of Canada declared that such a proposal had legal validity. Thereupon we had the Farmers' Creditors Arrangement Act which conferred upon those authorized the power to make settlements or compromises in the nature of bankruptcy proceedings. Every province of Canada except one has oined in cooperation to permit such debts to be the subject matter of adjudication. In one province an injunction has been obtained and proceedings stopped on the ground that it was an undue exercise of power by the parliament of Canada, and we shall withdraw the operation of the act from that province, so that there will be no question in that regard.

The student in the future who looks back upon the last few years will find that more was done to reduce the rate of interest in Canada with respect to our national obligations, and reflected also in the price of money elsewhere, than at any period of its history since confederation. The other day we were able to borrow money on treasury bills at less than two per cent. I am sorry to say that because of what happened in one particular area it has been suggested by certain institutions that the rates of interest be raised. But when we talk of the burden of interest it comes down to the question of increasing the price of primary commodities by any means within our power so that the purchasing power of money will bear some relation to the purchasing power when the obligations were created. Everyone knows that. I recall that under the will of a testatrix a great insurance company had to provide a sum of money which was to be set aside so as to produce a given revenue, with the exhaustion of the fund at a given time. The chancellor of the state of New Jersey, the question having been referred to that court, wrote a most elaborate judgment in which he pointed out that in his opinion interest rates, the price of money, would decline; and therefore a very large sum was set up for the purpose. Within three years interest rates began to climb. When I say that one of the richest shipping companies of the world was paying six per cent upon a mortgage made within the last twenty years in the city of New York I am but stating something well known to everyone. To-day the rate would be much less than that, yet that rate must be paid because it was the going rate at the time. If obligations are created without provision for the reduction of the rate with the increase in the purchasing power of money then the contract must be observed if we are to maintain the character of our people. I pointed out the other day that one of the South American republics had not paid the interest on their external debt, although there is quite a boom on in that country. I could point out that in other countries similar conditions have existed. But my point is that any attack that can be made against the administration of this country's affairs during the last few years certainly cannot be made on the question of the reduction of the rate of interest.

As far as debt is concerned, I think most of us will agree that this country is overburdened with debt.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: I do not think any man will question that. I well remember a former minister of the crown saying to me at the time of the war, Germany must pay this, for we will never be able to. I have never forgotten it, it was a very sound statement. This country has a debt, incurred directly as a result of our engaging in European hostilities, the annual interest on which is much more than the whole national debt of this country for many years after it came into being. That is a serious fact. But to state the fact is not to remedy it, to call attention to it does not cure it. Attention has been called to it in this house and will be. I believe that by 1937 someone must undertake the great problem of a Canadian conversion.

But if we are going to have a conversion there is only one way it can be done, and that is by maintaining our credit.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: If we lost our national character, which is our credit, then we shall never be able to make the conversion. The one object that this government has had in mind more than any other in dealing with our financial problems has been so to conduct our affairs that reasonable and honest men may say that we have treated our creditors as honest men do; that we have so utilized our legislative powers that it could be said that we had encouraged men to be honest and pay their debts according to their promises.

But bankruptcy intervenes, and bankruptcy is not anything new in law, we know what it is founded on, we know what it goes back to; and we did conceive the thought, after a case had been submitted to the supreme court of Canada, that we could deal with these cases in the manner in which they have been dealt with. If there is one thing more than any other that has brought relief to the Canadian farmer it has been the Farmers' Creditors Arrangement Act.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Now with respect to other bills I do not propose to say more than this; that within the ambit of our powers we have offered to this parliament legislation that is within our constitutional right. The attack made upon the Minister of Justice (Mr. Guthrie) because he ventured to point out, as I think it was his duty to do for a reason I shall presently give, that doubt had been expressed by counsel to whom the case had been referred as to the validity of the legislation, was unfair because that was what you would expect any attorney general of Canada to do in view of past experience of this parliament. I think any man would say that was the least an attorney general of Canada could do. Why? Because the report of a commission was before the house, and I pointed out the other day that we had made up our minds within our legal rights to implement its recommendations. The minister was obviously bound in good faith to communicate to this house the fact that doubts had been expressed to him as to the validity of the bill, not for the purpose of making it abortive legislation, not for the purpose of saying it was anaemic, but for the purpose of keeping faith as an honest man with those who looked to him as Minister of Justice for guidance. Those who remember what was said about the Board of Commerce Act in 1919—look it up in the debates—will recall that doubts were expressed with respect to it, but the government proceeded with it in order that the question might be settled. So with respect to this legislation, the government submitted the legislation to the house. And when we come to the Companies Act, about which different opinions have been held for the last half century and will continue to be held, as to the best means of effecting the desired ends, the minister submitted that to the house and said: It is your bill as much as mine, let me have your suggestions, I only say that there is a provision in it which I believe if I were practising law I could have set aside. That was not any lack of good faith, it was because he wanted this house to realize that in dealing with legislation which was doubtful the house should have the benefit of the views of counsel who had been consulted for the purpose of determining whether parliament was within its rights in enacting it. It is all very well to say that people are sick of hearing about the British North America Act. We have had several illustrations of what it means when people and parliaments and legislatures do not observe its provisions. We have had the insurance references and other references which I could mention. We had the board of commerce case, the combines case, and matters of that sort.

My duty, as I conceive it, is to offer legislation to this house for enactment which the Minister of Justice, with the aid of counsel whom he has consulted, believes to be constitutional and valid. If there be a doubt then we are willing that the house should take the responsibility of enacting it if they think it desirable, but it is our duty to tell the house of that doubt. Would it be right for the Minister of Justice to conceal these facts and say to the house: Here is a valid legislative enactment that you may pass; or is it right and proper that he should say that up to a certain point there seems to be no doubt, the courts have decided that we have the power, but when it gets beyond that there is doubt and uncertainty; I merely say that these opinions have been expressed to me as I have expressed them to you.

Now, sir, if the people of the country have been led into the belief that this parliament can pass any kind of legislation it likes regardless of the constitution, the age of law-

lessness is upon us. Let there be no misunderstanding of that. Those who read history and understand its implications know that the first step towards fascism in Europe was what? The first step towards dictatorship in Europe was what? It was a prejudicial appeal to the little man; that was first. Then followed the inevitable utter disregard of constitutional limitations, the utter disregard of constitutional liberties and the utter disregard of consitutional freedom. Sir, there is a way by which this country may obtain jurisdiction for this parliament to deal with these matters. It well may be that the parliament of Canada should have greater powers than it possesses; there is a difference of opinion with respect to that matter, a very earnest difference of opinion. In these days of stress and strain some men have concluded that if we had one central parliament with county councils instead of provincial legislatures all would be well. It may be so. It may be that the readjustment of the financial position of the provinces and the municipalities may bring limitations upon the exercise of power by the provincial legislatures. That may well be, but it cannot be brought about by endeavouring to induce the people to believe that parliament may do what the courts say it may not do. I repeat that the third branch of government, the judiciary, becomes tremendously important. That is why I have said that in the ultimate analysis we always have to depend upon the conclusions and decisions of the courts. That is why in the end, if we are a law abiding people who believe in reform and not in revolution, we must proceed precept by precept, line upon line, to the end that in an orderly and legal manner we may accomplish the ends we have in mind. But it is never right, it never can be right, to induce those who do not understand to believe that a parliament has power and will not exercise it out of mere obstinacy or fear. That serves no purpose, except to induce people to believe that there is a body of legislators sitting in this house some of whom are less honest than one, and that therefore they will not do that which one would do.

Mr. POULIOT: Name them.

Mr. BENNETT: I spare the hon. gentleman's feelings; I might name him. I do submit, Mr. Speaker, that the only method by which we will ever be able in this parliament to possess the powers it is suggested we should exercise is by that change in our constitutional fabric that may be brought about by a constitutional conference. As I have pointed out, there was a constitutional conference in the years prior to 1867, a conference that was not limited to men of one party, at which they met together and discussed how they might be able to bring about the union of these provinces of British North America. If we desire to change this constitution we can do it in an orderly and proper manner, but until we have done it let us, as loyal and law abiding citizens, be bound by the courts of the country that have been set up for the purpose of deciding how far we may go and where our proud hand must be stayed.

That is the position which I submit to this house as the governing principle that has determined the actions taken by this government during the last few months in dealing with these problems. I do point out that even if we stay here for the rest of the summer we are content to enact legislation that lies within our competence. When suggestions come that are within the law, according to the advice of competent counsel, for instance, when the Companies Act is under consideration, I for one shall be glad to hear them. This very bill, the third reading of which we are now considering, was amended in one particular, for example, owing to a suggestion made by the hon. member for Weyburn (Mr. Young), who thought that wider publicity should be given. I at once said I believed that was a sound thing to do and an amendment was introduced providing that the public who may be interested might have an opportunity to be heard before any agreement as contemplated between producers should receive the sanction of the commission.

It has been said that the tariff board has not the power to undertake this task because it is busy. All I can say is that the chairman of that board has said that he feels that the board is able to undertake this task. We did not ask this house to give the tariff board authority to deal with these matters until we knew that they thought, at least, that it was within their power and their competence to do so so far as time was concerned. More than that, we cannot and will not ask this parliament to set up a body that has the power to enact laws, for that is a delegation of power that has not been made constitutional as matters now stand. This parliament must enact such legislation, and the regulations framed under it may indeed be made by any body, and the body has been set up under the act, the third reading of which is now under consideration. This act gives effect to every principle that should be given effect to within the legal competence of this parliament under the price spreads report, so called, with respect to the matters dealt with; when taken with the other statutes to

which I have alluded, and with which I will not deal at length this afternoon, it will be found that every recommendation that is within our legal competence has been given effect to. I regret if the manner in which that has been done does not commend itself to the judgment of all the members of that commission, but there is no rule that provides that you must enact legislation that pleases every member of a commission. There is no rule that calls upon this parliament to enact legislation in the terms of a recommendation, unless indeed the recommendation is legal. For as sixteen years ago those recommendations were made in good faith and were found to be the basis of invalid and unconstitutional legislation, we trust that in the meantime, with sixteen years of experience with the decisions of the courts, we have avoided the pitfalls that were pointed out by the privy council.

I do submit to this house, in asking for the third reading of this bill, that in this measure we have made an earnest effort—not the last word but an earnest effort—to attain the end in view. If it happens that all these ends are not attained at one fell swoop I am always content to remember that the development of British institutions, of the very institution which we enjoy to-day, as well as of our common law, has been here a little and there a litttle, precept upon precept, line upon line, until the growth and development of common sense has found expression in legislation reflecting the will and purpose of the people.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, notwithstanding the Prime Minister's eloquent defence of the present legislation there are many of us who recognize the hopeless inadequacy of the bill as it comes before us for third reading. We feel, too, that it is far from implementing the report of the price spreads commission. I always enjoy listening to the Prime Minister's speeches, but I have a feeling that as a great advocate he might almost as easily argue on the other side and be equally convincing. He makes use of a great many well rounded phrases and catch words which often becloud rather than clarify the issue before the house. I believe that was the case in the speech to which we have just listened.

I must say that the speaker who preceded the right hon. gentleman, the former Minister of Trade and Commerce (Mr. Stevens) made a speech with much of which I very heartily concur. He gave an indictment of the existing business practices which was not in any sense answered by the Prime Minister. Indeed the Prime Minister was so busy talking about constitutional questions, difficulties and limitations that he did not really get around to a consideration of the great evils besetting the people of Canada to-day. At least in part these evils have been set forth in the report of the price spreads commission, and I do not intend to take the time to enumerate them. I believe we all realize however that we cannot long endure present conditions.

This and other bills which have been introduced by the government, professing to implement the report of the price spreads commission, do not I submit begin to touch the evils of existing practices. More than that, the ex-Minister of Trade and Commerce has given an indictment of the proposed legislation which I believe maintains its strength, notwithstanding all that the Prime Minister has said. Again I do not wish to review the ground traversed by the ex-minister, but I must say that he has expressed to-day what is in the minds of a great many people in Canada, namely, that notwithstanding these constitutional and financial difficulties we cannot go on as we are for very much longer. He has expressed, too, the disappointment of large numbers of Canadian people in the legislation now before the house.

Further than that, I quite agree with what he said concerning Liberal theories. It seems to me that the Liberal position with regard to these bills has been anything but justifiable on the part of people who are—as they are—making a bid for power within the next few months. We have yet to learn what the Liberal policy is. For months, at this session of parliament, the legislative program of the Conservative party has been under criticism. I believe the Liberal party are quite right in criticizing, but we have not yet been given any alternative policy. It seems to me that position cannot be justified. In this instance the Liberals simply go back to the old theory of free competition, individual liberty, and that kind of thing at a time, as the ex-minister has pointed out, when those phrases simply do not apply and when certainly they will not solve our problem.

I believe I should not have ventured however to say anything at this stage, had not the ex-Minister of Trade and Commerce taken the ground that there had been very little discussion in this house with regard to some of the most important problems with which, in his judgment, we could deal. He spoke about questions of currency, and indicated that we should have considered the stabilization of currency; in fact he indicated that we should have had it five years ago. Well,

at that time the present ex-minister was a minister. I do not think we can very well overlook that fact. I suppose that according to conventions he could not reveal cabinet secrets, but if he did not agree with the government in vital matters of this kind he could and should have, resigned. He spoke about the unemployment problem and I believe left the impression that it had not been seriously considered by the house. Perhaps it was not seriously considered, but that was not the fault of any hon. members in this corner of the chamber, at least. Proposals were made to the house, and discussion was either refused by the government or our motions were definitely voted down.

On March 31, 1931, my colleague, the hon. member for North Winnipeg (Mr. Heaps) moved the adjournment of the house to call the attention of the government to the distressing conditions which had arisen out of the unemployment situation. Objections were taken by the government on technical grounds. Later in the same day, upon a motion to go into supply the question was again raised, and several hon. members participated in the discussion. But, despite the growing seriousness of the situation no Conservative member or spokesman of the government thought the situation sufficiently serious to say a word respecting the unemployment problem. Where was the ex-Minister of Trade and Commerce when that discussion was in progress? He might have then, as he has done recently, called attention of the whole country to the situation. I am not blaming him for his recent action. I am glad he has had the courage to take that action, but it seems to me it might very well have been taken earlier. His action having been taken at this late period I do not think he ought in any way to minimize the efforts made by others to try to bring this question to the attention of the house and country.

Again, on this very question of unemployment, on February 5, 1934, my colleague from North Winnipeg brought in a resolution stating that:

> In the opinion of this house, the government should take into immediate consideration the necessity of reducing the hours of labour of those engaged in industry, and also increase the purchasing power of the masses of our people in order that they may absorb the goods produced, thereby creating a more equitable distribution of our wealth production.

That resolution was finally accepted by the government, but I ask: What was done to implement its terms? Nothing at all. What was done by the government—and for a year after that the ex-Minister of Trade and Commerce was a member of the government—to create a more equitable distribution of our wealth production? Nothing was done at that time and I submit nothing will be done through the various bills now under consideration. As the debate proceeded I have been glancing over a list I have of some motions that were introduced from this section of the house bearing on economic problems. There is the one I have referred to on unemployment in 1931 in that same year, one on unemployment insurance, which was talked out; one on economic research, which was also talked out; one on the necessity of amending the British North America Act, which was withdrawn after discussion. The Prime Minister says that we can proceed in a constitutional way, but the necessity of constitutional change was definitely brought up in this house in the very first year after this government took office. It was recognized then that it was highly desirable that we should have constitutional change. The Minister of Justice promised that we would have a conference to deal with this very matter. It is true that there was an interprovincial conference where the matter was mentioned almost incidentally, but nothing definitely was done about it, and now after five years of inactivity along that line we are told that we have to call a constitutional conference. Surely with the Prime Minister insisting on the necessity of proceeding in a constitutional way and at the same time recognizing the seriousness of the constitutional problem, he should have called that conference five years ago. At this late stage, he suggests a constitutional conference and holds up the British North America Act as a reason for not bringing in effective remedies.

In that same year, 1931, we introduced a resolution with regard to a national central bank; a resolution dealing with banking and credit, the very matter mentioned by the ex-Minister of Trade and Commerce; also a subamendment on the budget to abandon the gold standard. The ex-Minister of Trade and Commerce talks about the need for stabilization and currency reform, but in this corner of the house we have been urging that, and urging it steadily, for the last five years. Again in that same year we moved a motion on the unemployment situation; also an act to amend the Bank Act. All these were moved in 1931.

In the succeeding year, 1932, when the ex-Minister of Trade and Commerce was a member of the government, we introduced a motion for a social and economic research

council to study distribution, purchasing power, exchange and the unemployment question. That motion was agreed to but nothing was done. Once more we introduced a resolution on unemployment urging the reduction of the hours of labour. This as other similar resolutions was negatived by the government of which the ex-Minister of Trade and Commerce was still a member. We introduced a motion on banking, currency and credit, which was talked out. I myself had the honour of introducing that year the first motion that I presented to this house on the cooperative commonwealth, our plan for dealing with the problems that face us. It was talked out. In that same year we had a subamendment to the budget calling for the nationalization of our finance, which was defeated. We had another motion on unemployment, an amendment on going into supply, which was of course negatived.

In the next year I again introduced a motion on the cooperative commonwealth and the Conservatives brought in a motion adjourning the debate, thus effectively preventing a full discussion of that question.

While I do not want to be too severe on the ex-Minister of Trade and Commerce, for I think we all recognize that there is more joy in the presence of the angels over one sinner that repenteth than over the ninety and nine—

Mr. GARLAND (Bow River): Even if the repentance is qualified.

Mr. WOODSWORTH: Yes; at the same time I do say that it is not fair of the ex-minister to speak as he did to-day, as if an earnest effort had not been made to bring these matters before the house, and as if during that period he had not been a member of the government that negatived these efforts of ours. We also brought in a motion dealing with debts and with the whole question of economic conditions.

In 1933 the hon. member for Macleod brought in one of his numerous amendments to the Interest Act. In 1934 there was a motion for the national control of credit and finance; our cooperative commonwealth motion again, and on this occasion the debate was adjourned, which killed the discussion. We also brought up the question of unemployment relief, and the resolution still stood on the order paper at the end of the session, so again we did not get the fullest discussion. We brought in a motion on the nationalization of insurance, a motion to control credit, and an amendment to distribute the abundance that we had. In 1934 there was an amendment of ours to provide a stable currency and credit system based on goods and services; and so on.

I need not mention the motions and amendments of this year, but I have mentioned some of those of preceding years just to show that during the time the ex-Minister of Trade and Commerce was a member of the cabinet we persistently urged the very reforms that he is urging to-day.

The ex-Minister of Trade and Commerce advanced the idea to-day that the government should be in the position of referee. He says that he is not opposed to capitalism but simply to the evils of capitalism, and he is out to champion the small business men against unscrupulous corporations. Well, I congratulate him on having come pretty nearly to the traditional Liberal policy, because that is the position they have taken all along, that the government should be simply a policeman to see that there are no fouls on either side and that generally there is fair play, I think the ex-Minister of Trade and Commerce would go further than that and say that there should be definite regulation.

The Prime Minister makes as his defence the statement that the government has done all that it legally may do, and having done so, no good citizen should criticize the government. Of course that is a begging of the whole question. No one wants to criticize if the government has done all it should do, but that is the very point at issue. The Prime Minister raises the old constitutional question. I submit, Mr. Speaker, that the history of all constitutional questions is this, that what at one time was declared unconstitutional has a few years later been declared constitutional. We had an illustration of that a few days ago. The Prime Minister told us that it was not within his power to interfere with the march of the British Columbia relief camp strikers, that he could not interfere unless he was asked to do so by the provincial government, but three or four days later this government gave orders for the police to stop the marchers in Saskatchewan, and that in spite of the protests of the premier of Saskatchewan. What was unconstitutional one week became quite constitutional the next.

Going back three or four years to the days of the blank cheque, we found that under peace, order and good government, or under the special provisions introduced at that time, it was quite possible under unemployment relief legislation to assist the banks and insurance companies. They were given help by being allowed to write up their assets.

Mr. GARLAND (Bow River): Falsify their accounts.

Mr. WOODSWORTH: Yes, falsify their accounts. I do not think that is too strong a term to use. Their assets were put up to a figure higher than what they had paid for them and much higher than the market prices. If that had not been permitted, some of our insurance companies would have gone bankrupt. That was done under the unemployment relief act. It does seem to me that if the government could handle that situation in that way in the interests of big business, it could very easily, if it were in earnest, handle this other situation and protect the living standards of men, women and children, which standards have been so seriously threatened by the practices which have grown up.

The Prime Minister says we have not the money to spend, but that is the same old cry. According to a statement issued by the bureau of statistics, last year, 307 Canadians paid income taxes on incomes of more than $50,000 per year. That little statement shows the real situation. When there is so much money in the hands of some of our people that 300 of them have incomes of more than $50,000—some of these run to exceedingly high figures but we cannot tell exactly, as the Minister of Finance has said that it would not be in the public interest to divulge this information—there is no earthly reason why we cannot adopt policies which will give every man work and a decent living.

Surely there is sufficient credit in the country. I submit that if a war were declared to-morrow the money would be found with which to carry it on, in spite of the enormously heavy debts which we now have. Surely the credit of the country is sufficient to provide every man with a decent job at a decent wage. If it is not, we may as well go out of business entirely. The Prime Minister gets back to his favourite argument, that we must not destroy contracts, that we must maintain our credit and recognize our solemn obligations. I have said before on many public platforms, and I repeat, that while we may be said to have certain obligations to the bondholders of the Canadian National Railways and the government, in my judgment the obligations which we owe to the returned men, many of whom are on the verge of destitution; the obligations which we owe to the scattered pioneers of this country, many of whom are suffering dire want; the obligations which we owe to the coming generation of Canadian children, are infinitely more sacred than those which we owe to the bondholders.

[Mr. Woodsworth.]

Why take this whole question of contracts for granted? A contract is made on a definite set of conditions, and if those conditions alter, the contract should be altered. That is only equity. If the dollar changes in its purchasing power we will soon reach the stage where we will change the contract in accordance with the changed value of the dollar. We have been saying that from this corner of the house for a number of years, but in spite of all our protestations we find the Prime Minister coming back to his old position and refusing to think of other than nominal values, saying that we must maintain the contracts. He calls us welshers if we do not maintain those contracts. I am not to be bullied by any such words as that flung at me.

Mr. BENNETT: The hon. gentleman must realize that I did not say that. I said that we would be called welshers when we did not meet our obligations.

Mr. WOODSWORTH: Apparently the Prime Minister associates himself very closely with that position or he would not use that argument, but I accept his correction. I say that I am not to be intimidated by any such words or by the calling of nasty names. We have to face the facts as they are in this country.

The Prime Minister then went on to speak about debts. Apparently they cannot be altered. These debts are being treated as sacred things. We all know how the war debts were contracted and that a number of people laid the foundations for their fortunes during those times. After the war the Liberals made a motion to investigate the scandals in connection with war contracts but before they had gone very far they dropped the matter. We all know that many people made their fortunes at that time and that some of them salted those fortunes away in tax free bonds. There never should have been any bonds of that type issued. Is the ill-considered action of those in authority in those days to tie up the people of this country forever? Have not nearly all the countries of the world recognized that the contracts made at that time were made under very abnormal conditions? Many of the nations have not paid what the Prime Minister undoubtedly would call their honest debts, Great Britain among them. Great Britain, while she has not formally repudiated her debts, has ceased to pay the instalments due the United States. If we made internal contracts at that time and issued bonds, are we to go on forever as hewers of wood and

drawers of water to a few people, many of whom made their fortunes by doubtful methods at that time?

The Prime Minister says that we must maintain our credit.

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

Thursday, June 20, 1935

The house met at three o'clock.

REPORTS OF COMMITTEES

PRIVATE BILLS

Third report of the select standing committee on miscellaneous private bills—Mr. Stinson.

CANADIAN GRAIN BOARD

First report of the special committee on Bill No. 98, to provide for the constitution and powers of the Canadian grain board—Mr. Bennett.

BRITISH NORTH AMERICA ACT

Mr. F. W. TURNBULL (Regina) presented the second report of the special committee on the British North America Act, as follows:

The special committee of the House of Commons, appointed to study and report on the best method by which the British North America Act may be amended so that while safeguarding the existing rights of racial and religious minorities and legitimate provincial claims to autonomy, the dominion government may be given adequate power to deal effectively with urgent economic problems which are essentially national in scope, begs leave to present the following as its second and final report.

Your committee has held ten sessions and has heard the opinions of a number of witnesses.

Under the instructions of the committee, telegrams were sent to the respective attorneys-general of the nine provinces in the following terms:

"The special committee of the House of Commons on the British North America Act desires to have the views of your government with respect to methods of securing amendments to said act. The resolution referred to the committee follows: 'Resolved that in the opinion of this house a special committee should be set up to study and report on the best method by which the British North America Act may be amended so that while safeguarding the existing rights of racial and religious minorities and legitimate provincial claims to autonomy, the dominion government may be given adequate power to deal effectively with urgent economic problems which are essentially national in scope.' While the committee does not object to the personal attendance of a representative of your government it was thought less costly to ask for a written submission. Copies of proceedings have been sent you. Please intimate when we may expect to receive your submission."

The following answers were received:—

Prince Edward Island—"Your wire March twenty-seventh. Government of Prince Edward Island is of opinion that dominion government should formulate its plan and policy for the purposes intended and that this should be submitted to the provincial governments and afterwards discussed at a conference of representatives of the provinces and the dominion." Signed by H. F. MacPhee, Attorney-General.

New Brunswick—"Will wire views as soon as available. Delay unavoidable." Signed by W. H. Harrison, Attorney-General. (New Brunswick views not yet received).

Nova Scotia—"Our legislature now in session and most difficult to attend to matter of this kind now in way you suggest. We feel matter should be approached by conferences between representatives of provinces and dominion where each would have the views of the other and ample time to discuss the matter." Signed by J. H. MacQuarrie, Attorney-General.

Quebec—"Your telegram received. Surely the committee cannot expect that the views of the province of Quebec will be discussed by a change of telegrams or letters. In a matter of such importance I suggest that a conference of the dominion and the provinces should be held." Signed by L. A. Taschereau, Attorney-General.

Ontario—"Province of Ontario does not desire to make any representation before your committee re British North America Act amendment as no good purpose will be served by attempting to advise dominion government at this time." Signed by A. W. Roebuck, Attorney-General.

Manitoba—"With further reference to your telegram of the 27th March, to the attorney-general and to his reply of the 5th instant, the government have now had an opportunity of giving consideration to the suggestion that it should make a written submission regarding the subject matter that is before your committee.

"The government of Manitoba is of the opinion that the subject matter referred to in the resolution is one of such importance that no written submission, setting out our views in reference to it, should be made without a conference with the other provinces and the dominion government. We would be willing to attend such a conference at any time, with a view to arriving at a definite method of procedure for making amendments to the British North America Act." Signed by John Bracken.

Saskatchewan.—"Referring to your telegram of the twenty-seventh day of March wherein you requested the government of the province to make representations either orally or by written memoranda as to the methods of

procedure which this province would suggest in connection with amendments to the Canadian constitution I would say that I have been following with intense interest the proceedings of your committee. The question of what if any provision is to be made for amendment of the Canadian constitution from time to time is a question which ultimately must be decided by conferences between the governments of the provinces and the government of Canada with the possibility of a previous preliminary interprovincial conference. In view of this fact it would appear to be unwise for the provinces to be giving their views before a committee of the House of Commons. With due deference might I be permitted to suggest that the proper procedure is for your committee to pursue its present inquiry and to make a report to the House of Commons which I presume will either be accepted or amended or merely received without binding the government to accept the proposals of the committee and with this report available the provinces could then give consideration as to what attitude they desired to take and perhaps discuss the matter amongst themselves and thereafter join with the federal government in a general conference. The report of your committee would serve as the basis of discussion around which would take place the ultimate solution of this problem. We realize that the question is one of great national importance and should be decided in the welfare of Canada free of all political considerations and we are certainly prepared to do our share towards the facilitating of a solution but we feel that we must look after the interests of the province and think that the procedure I have outlined would be the proper course for us to adopt at this time." Signed by T. C. Davis, Attorney General.

Alberta.—"Re amendment B.N.A. Act. Alberta government appreciate desire of committee to have views of all provinces before it on this very vital question but considers approach to question should be through interchange of views at interprovincial conference." Signed by Mr. Lymburn.

British Columbia.—"Reference your wire twenty-seventh to attorney general requesting written submission from the government of this province to your committee it is the opinion of the government that amendment of the constitution is too important a matter to be dealt with in manner suggested. It is not thought that satisfactory conclusions can be reached either federally or provincially until a conference of the provinces and the dominion is held when full discussion may be had and matters properly debated. Other than stating that the right should be secured to amend our constitution in Canada this province respectfully declines to make submission to your committee, neither will it feel bound by any report which may be made by your committee." Signed by T. D. Pattullo.

In no case did the authorities of these provinces signify any desire to present their views to your committee, either in writing or orally.

The committee recognizes that there is a divergence of opinion with respect to the question of whether or not the British North America Act is a statutory recognition of a compact among the four original provinces of the dominion and as to the necessity or otherwise of provincial concurrence in amendments. Without expressing any opinion upon that question, the committee feel that in the present case and at the present time it is advisable in the interest of harmony and unity that there should be consultation with the provinces with respect to the adoption of a definite mode of amendment or the enactment of amending legislation which might seriously alter the legislative jurisdiction of the provinces and the dominion.

Many interesting suggestions were made. Dr. Kennedy, professor of law at Toronto university, suggested that a royal commission should be appointed to study the workings of the act, with a view to recommending a rearrangement of powers if thought necessary.

Dr. Ollivier, K.C., LL.D., joint law clerk of the House of Commons suggested that:

(a) Obsolete sections should be dropped.

(b) Certain sections should be subject to amendment without consultation of the provinces.

(c) Certain sections should be amended only with the concurrence of a majority of the provinces.

(d) Certain sections might be amended with the consent of one province only.

(e) Other sections should be amended only on consent of all the provinces.

Dr. Scott, professor of civil law at McGill university, expressed the view that as the dominion parliament represented the population of the provinces, ordinary amendments should be made upon a majority vote of both houses and amendments affecting minority rights should be approved in addition by all provincial legislatures, in order to become law.

Professor Rogers, professor of political science at Queens university, suggested that a dominion-provincial conference or a national convention might appoint a committee to draft an amended constitution to be thereafter approved by the conference or convention and subsequently by the dominion and provincial legislatures. He was of the opinion that the question of consulting the provinces was a matter of political expediency rather than one of legal right.

Doctor Arthur Beauchesne, C.M.G., K.C., clerk of the House of Commons, would have a new constitution drafted by a constituent assembly composed of delegates representing the various provinces and the dominion, made up of all classes of people. The constitution so drafted would be thereafter adopted by the dominion and the provinces, approved by the King, and the present act thereupon repealed.

The committee recognizes the urgent necessity for prompt consideration of amendments to the British North America Act with reference to a redistribution of legislative power and to clarify the field of taxation.

It is further of opinion that the conference hereafter proposed should carefully consider the adoption of a recognized yet flexible method of amendment.

In view of the fact that the several provinces did not feel it advisable to give the committee the benefit of their views with respect to the method of procedure to be followed in amending the constitution, the committee is of the opinion that before any decision upon the subject matter of the resolution is finally made, the opinions of the provinces should be obtained otherwise, if at all possible, and for that reason recommends that a dominion-provincial conference be held as early as possible in the present year to study the subject matter of the resolution. The proposed conference should have ample time in which to study every phase of the question.

In view of the above recommendation the committee expressly refrains from recommending any form of procedure for amendment so as to leave the proposed conference entirely free in its study of the question, except that the committee is definitely of the opinion that minority rights agreed upon and granted under the provisions of the British North America Act should not be interfered with.

A copy of the minutes of proceedings and evidence is submitted herewith.

All of which is respectfully submitted.

Mr. BENNETT moved the adoption of the report.

Motion agreed to.

RESOLUTIONS TABLED

On the orders of the day:

Mr. J. A. BARRETTE (Berthier-Maskinongé) (Translation): Mr. Speaker, I have the honour to lay on the table of the house copies of resolutions passed by the municipalities of Saint-Damase-de-Brandon and Louiseville, protesting against the imposition of a sales tax of six per cent on vegetables canned by farmers' cooperative societies.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

TUBERCULIN TESTS OF CATTLE—ALBERTA

Mr. GERSHAW:

1. What was the number of tubercular tests made on milch cows in 1934 in Alberta?
2. What was the total number of cows tested in 1934 in Alberta?
3. What was the cost of making the above tests?
4. What was the total amount spent in Alberta in 1934 by the health of animals branch?

Mr. WEIR (Melfort):

1. It is estimated that 28,662 tests of milch cows were conducted. Tests of milch cows are not separated from other tuberculin tests of cattle in the departmental records.
2. 35,240 cattle were tested. No separate record is kept of cows tested.
3. Estimated cost of testing milch cows as shown in (1) $17,473; Estimated cost of testing cattle shown in (2) $23,520.
4. $130,806.87, include cost of meat inspection, cost of maintaining the veterinary research station, Lethbridge, and all field work of contagious diseases division.

DEPARTMENT OF AGRICULTURE—STALLIONS

Mr. MOTHERWELL:

1. How many stallions does the Department of Agriculture own?
2. What are the registered names and numbers of each?
3. Of what breed is each?
4. What did each cost?
5. What were the transportation charges, if any?
6. Where are they now located?
7. What fees, if any, are charged?
8. What is paid for the care and keep of each animal?

Mr. WEIR (Melfort):

1. Eleven stallions imported for use in connection with the horse breeding policy.

2, 3, 4 and 6:

Name of Stallion	Reg'n Number	Breed	Cost	Location
Chief Laet	14452	Percheron	$1,000	Experimental station, Lethbridge.
Don Laet	14200	"	$ 525	" " Morden.
Mel Laet 2nd	14498	"	$ 650	" " Scott.
Laeteen	14825	"	$1,200	Experimental farm, Fredericton.
Black Diamond	14826	"	$1,000	" Ste. Anne de la Pocatière.
Rubix	5328	Belgian	$ 800	" Farnham.
Windlaw Gayman	26992	Clydesdale	£ 500	Central experimental farm, Ottawa and Brampton, Ont., (for 2 months).
Windlaw Dominion	26995	"	£ 120	" " "
Woodbank Agent	26994	"	£ 300	Experimental farm, Brandon.
Muirton Tide	26993	"	£ 450	" Indian Head.
Strathore James	26996	"	£ 400	" Lacombe.

5. $519.35, to Central experimental farm, Ottawa.

7. None for premium mares; $15 fee for mares not qualifying as premium mares.

8. No payment is made for care and keep at experimental farms. $100 being paid for accommodation of stallion and attendant at Brampton, Ontario.

VANCOUVER DOCK STRIKE

On the orders of the day:

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, a question was asked yesterday in the house respecting the situation at Vancouver. I beg to read the following telegram received to-day from Mayor McGeer of Vancouver:

Yesterday's attempt of mob incited by communist leader to flout constitutional authority and to attack men lawfully at work on harbour commissioners dock Ballantyne pier effectively suppressed. Wish to publicly express the fullest measure of appreciation of all law abiding citizens for splendid cooperation extended to city police by the officers and men of the Royal Canadian Mounted Police force stationed here.

McGeer,
Mayor.

CANADIAN NATIONAL RAILWAYS

ATTITUDE OF GOVERNMENT TOWARDS CHANGES IN CAPITAL STRUCTURE

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, yesterday the hon. member for West Lambton (Mr. Gray) asked a question with respect to a letter written by me to the chairman of the board of trustees of the Canadian National Railways. Such letter was mentioned but not read. It is as follows:

Dear Mr. Fullerton:

The changes proposed in the report of the Canadian National Railways are wholly at variance with the views entertained by the government.

It seems almost incredible that the auditors should suggest that advances made by the government for capital purposes to the railway company be treated in its accounts as capital stock, that is to say, as a non-interest bearing obligation, and that advances to meet deficits be written off completely. Deficits and interest must continue to appear in the accounts of the railway company if the public of Canada are to have any appreciation as to just what they have invested in their railways and what, from time to time, their advances really are. As representing the proprietors of the undertaking, we must insist that the railway company's reports shall give a true picture of the real situation and that the annual report as issued will enable anyone perusing it to understand exactly what the Dominion of Canada has invested in its railway enterprises.

To that letter an answer was received dated May, 19, 1934.

Dear Mr. Bennett:

I have your letter of the 15th instant, and note that it seems to you incredible that the auditors should suggest that advances made by the government for capital purposes to the railway company be treated in its accounts as capital stock, and that advances to meet deficits be written off completely.

You will perhaps remember that early in January I had an interview with you in reference to the capital structure of the Canadian National Railway. At that interview I handed you a memorandum prepared by the auditors in which a recommendation was made that the government advances for deficits, aggregating $321,000,000, and that interest accruals on government advances and loans of $389,000,000 should be written out of the capital structure. It was also suggested in that memorandum that capital stock should be issued for government loans for government expenditures, representing approximately $332,000,000.

When approaching the subject of the capital structure I had in mind the findings of the Duff commission, page 30. The commission there, after pointing out that the net operating income available to pay interest of the Canadian National System for the period 1923 to 1931, inclusive, averaged $24,414,447 per annum, stated: "It is obvious that on this basis of earnings the capital liabilities would require a very drastic writing down. And while this commission is of opinion that it must be frankly recognized that a very substantial part of the money invested in the railways comprised within the Canadian National System must be regarded as lost and that its capital liabilities should be heavily written down, they do not consider that the time is opportune to deal with this important matter." The report then goes on to say that the matter should have the early attention of the board of trustees.

In order to reduce the capital structure of the Canadian National Railways to a reasonably normal basis, it would be necessary to write out all government moneys advanced for deficits and the interest on all government advances whether for deficits or for capital expenditures. It would also be necessary to place government loans for past capital expenditures upon a non-interest bearing basis. Even if this were done and the amount of the Grand Trunk capital stock and the Canadian Northern capital stock also written off, it would leave a capital figure upon which it would be impossible for the railway to pay interest for some years to come.

Of course, I recognize that the matter is entirely one for the government, and in view of your decision that the railway company's reports should give a true picture of the real situation and that the annual report as issued will enable anyone perusing it to understand exactly what the Dominion of Canada has invested in its railway enterprises, it appears to me that it would serve no useful purpose for the trustees to give any further attention to the capital structure or to the suggestions contained in the Duff report that the trustees should proceed with an attempt to adjust the capital structure.

I expect to be questioned by the committee in regard to the capital structure and the steps, if any, taken by the trustees looking to its readjustment. In such an event I will in all probability be obliged to state the attitude of the government as indicated in your letter.

I now realize that this is a closed chapter but I should not be frank if I did not state my opinion that to leave the matter as it now is

is detrimental to the railway and unfair to the present management. I have reached this opinion only after much study and discussion with the officials of the railway. Some of the arguments leading up to the recommendations are set out in the attached booklet and I hope when your heavy duties permit a little leisure time you will kindly read the memorandum.

Yours truly,

C. P. Fullerton, Chairman.

As a matter of fact, Mr. Fullerton made it appear at the meeting of the committee that the proposal which was left with me by him was of the auditors, and that the trustees had never accepted that statement, or made any recommendations. In fact, they had considered the matter on several occasions, and ultimately no further action was taken because of the receipt of the letter which I sent on May 15, 1934. It will be observed I raised no objection to cutting down the capital stock as it appears in the public accounts of the company, as being the aggregate of the value of stocks representing the Grand Trunk and Canadian National, but that the investments made by the Dominion of Canada should be shown in the report, the investments only,—and I still think that is desirable. But with respect to the second point, namely, the undesirability of altering the structure at all at this time I made it clear on several occasions to this house why I thought action should not now be taken.

While I was not here, namely, on March 22, 1935, the privy council granted to Mr. Lovibond, the right of appeal. I think it might be well, in order that this matter may be clearly understood by every hon. member, that I should recite the facts as indicated by the documents filed with the privy council. A petition of right was directed to the Secretary of State for Canada asking for a fiat to issue, to take proceedings against the crown on January 17, 1929. That fiat was refused. Then Mr. Lovibond brought action, and I believe it would be well to indicate from the statement of claim just what his position was. The statement of claim was delivered on March 14, 1932, the action having been begun by a writ issued December 26, 1931. Mr. Lovibond alleged:

(1) The Grand Trunk Railway Company of Canada (hereinafter referred to as "the Grand Trunk") is a company incorporated in the year 1852 by special act of the legislature of the province of Canada. Down to the year 1923 it operated an important system of railway communications in Canada and the United States of America. Under its act of incorporation and amending acts, its principal office was located in London, meetings of directors and stockholders were held there, a stock register upon which transfers of the stock in question in the action were registered was kept in London, and almost, if not quite all of the capital stock of the Grand Trunk was held by persons resident in Great Britain. (See paragraphs 3, 6 and 7).

(2) At all times material to the action the issued capital stock of the Grand Trunk consisted of:

4% Guaranteed stock..	£12,500,000
First preference 5% stock.. ..	3,420,000
Second preference 5% stock..	2,530,000
Third preference 4% stock. ..	7,168,055
Common stock..	23,955,437
	£49,573,492

In addition there was outstanding debenture stock of the Grand Trunk amounting to £31,926,125, the holders of which were entitled to voting privileges at general meetings of stockholders (see paragraph 8).

(3) Your petitioner was on the 18th of January, 1923, a registered holder of £100 first preference stock, £100 second preference stock, £700 third preference stock and £1,100 common stock of the Grand Trunk. There had also been assigned to him in November, 1931, £1,200 first preference stock, £1,100 second preference stock, £1,700 third preference stock and £900 common stock of the Grand Trunk (see paragraphs 1, 25 and 28).

(4) Your petitioner has been illegally dispossessed of his stock by certain acts of the parliament of Canada, agreements and orders in council, all of which your petitioner submits to be ultra vires in whole or in material parts.

By the Grand Trunk Railway Acquisition Act, 1919, the Minister of Railways and Canals of Canada was authorized to enter into an agreement with the Grand Trunk for the acquisiton by the crown of the entire capital stock of the Grand Trunk (except the four per cent guaranteed stock), the agreement to provide for the determination by a board of arbitrators of the value of such stock, subject to a specified maximum, and to be submitted for the approval of all the stockholders of the Grand Trunk, including holders of debenture stock and guaranteed stock (see paragraph 11).

(5) The draft of an agreement to carry into effect the terms of the last-mentioned act was submitted to what purported to be a general meeting of stockholders of the Grand Trunk held in London on the 19th of February, 1920. At this meeting the debenture holders and guaranteed stockholders (who were under the agreement to be assured of the full interest and capital of their holdings) were allowed to vote with the rest of the stockholders and the agreement was approved by a majority of those present in person or by proxy (see paragraph 13).

(6) By a statute of the parliament of Canada assented to on the 11th of May, 1920 (10-11 Geo. V. c. 13) the parliament purported to confirm and ratify an agreement dated 8th March, 1920, made between the Minister of Railways and Canals of Canada on behalf of the crown and the Grand Trunk. Under this agreement the crown undertook to acquire

all the outstanding preference and common stock of the Grand Trunk at a value to be determined by a board of three arbitrators. New guaranteed stock was to be distributed among the holders of the preference and common stock upon the vesting in the crown or its nominees of such stock, and any stock not so transferred might be declared to be the property of the Minister of Finance in trust for the crown and upon the making of such declaration the stock not so transferred should immediately become the property of the crown and entries in the stock register be made accordingly (see paragraphs 14 and 15).

(7) On the 7th of September, 1921, two of the arbitrators (the Honourable Sir Walter Cassels and the Right Honourable Sir Thomas White) delivered a majority award finding that there was no value to the holders in the preference and common stocks of the Grand Trunk. The third arbitrator (the Honourable William Howard Taft) dissented and delivered an opinion that the value of the preference and common stocks was not less than 48,000,000 dollars (see paragraph 17).

(8) By an order in council approved by His Excellency the Governor General on the 19th of January, 1923, reciting that the majority of the arbitrators had decided that the preference and common stock of the Grand Trunk had no value and that the crown was not entitled to the whole of such stock and to the immediate transfer thereof without the issue of any new guaranteed stock in exchange and that the holders were not entitled to anything, it was declared that the whole of the preference and common stock of the Grand Trunk was the property of the Minister of Finance in trust for the crown and it was directed that entries should be made in the stock register and other books of the Grand Trunk accordingly (see paragraph 19).

(9) In pursuance of this order transfers to the Minister of Finance of the stock then registered in the name of your petitioner and of his assignors set out above were registered in the books of the Grand Trunk without his or their authority or consent. In the year 1931, duly executed transfers of the stock so assigned to him were presented by him both in London and Canada for registration in his name, but registration was refused. A demand by him that the register should be rectified by restoring therein his name as owner of the stock registered in his name on the 19th of January, 1923, was also refused (see paragraphs 20, 26, 27 and 28).

(10) By an indenture dated 30th January, 1923, made between Canadian National Railway Company (hereinafter called "the Canadian National") and the Grand Trunk it was purported to be agreed that the Canadian National and the Grand Trunk should be and were amalgamated into one company under the name of the Canadian National; that the capital stock of the amalgamated company should be one share of the face value of upwards of 180,000,000 dollars; that this share should be issued to the Minister of Finance in trust for the crown and that upon such issue the minister's holding of the capital stock of the Grand Trunk should be surrendered by him to the Canadian National for cancellation. This agreement was sanctioned by an order in council approved by His Excellency the Governor General on the 30th of January, 1923 (see paragraphs 21 and 22).

[Mr. Bennett.]

4. Your petitioner therefore claims in this action on behalf of himself and the stockholders he represents the following relief (paragraph 32 of the statement of claim):—

(A) A declaration that the transfers to the Minister of Finance of the stock of the Grand Trunk registered on the 18th of January, 1923, in the names of your petitioner and the other stockholders are invalid, and rectification of the register accordingly.

(B) (C) (D) (E) and (F) Declarations that the Grand Trunk Railway Acquisition Act, 1919, the resolution of the general meeting of stockholders held on the 19th of February, 1920, purporting to approve the transfer agreement, the transfer agreement dated 8th of March, 1920, the act of 1920 (10-11 Geo. V. c. 13) confirming the agreement, and the order in council dated 19th January, 1923, are and each of them is ultra vires and void.

Those were the proceedings taken many years ago against the railway company, that is the Canadian National, and also against the attorney general of Canada. Those proceedings ultimately resulted in this country in the action being dismissed on demurrer, the point being that no action could be brought except by petition of right. Then they gave notice of appeal to the privy council. Ultimately it was decided that the provisions of the act of Ontario granting an appeal to the privy council was not sufficient to enable the appeal to be taken. They then lodged their petition in the privy council to perfect their appeal there and it was heard on the 22nd of March, 1935; that is this year, and leave to appeal was granted. Therefore the case that has been pending more or less since 1921 is now before the privy council for argument, and in a public meeting of the Grand Trunk junior stockholders, an organization created to safeguard what is spoken of as the interests of the Grand Trunk shareholders, the chairman, Mr. Ormsby Gore, made statements as to the desirability of the appeal being expedited. In the hearing before the privy council when leave was granted, the application for leave being opposed, the matter was discussed at some length and their lordships urged that steps be taken to expedite the appeal. The Minister of Justice therefore took every appropriate step to ensure that the appeal would be heard as soon as possible, and it is believed that it will be heard some time next month, in the month of July, before the privy council.

That is the record of the litigation, indicating first of all the application for the fiat, down to date. I mention that because to disturb the capital stock as it now stands might in certain eventualities be a matter of some moment to the Dominion of Canada, who are the shareholders, and I desire on that

ground to make it clear why I do not desire until this litigation is disposed of, any disturbance in the capital structure. But in so far as the reduction of the capital stock is concerned, when the time comes, to the figure that represents the investment I have nothing to say, but I do submit that most of us are anxious that there should appear in the report of the Canadian National Railways something that indicates what the investment of the Canadian people in the enterprise may be. I greatly regret that an effort was made to give some political meaning to what has taken place. The chairman himself said that he regarded it as the province of the government to say whether or not it thought that this should be done.

Without going into the second ground I indicated my strong conviction that the reports might be prepared in any way that was thought desirable, but the amount of the investment of the Canadian people in the enterprise should appear so that he who runs might read and know exactly what our commitments had been in that regard.

Mr. R. W. GRAY (West Lambton): Would the Prime Minister assure the house that a full discussion of this matter may take place if and when the chairman of the special committee moves the adoption of the report?

Mr. BENNETT: I can give no assurance of that sort.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, on the orders of the day I presume it is not possible to discuss some of the remarks that were made by the Prime Minister, but I would submit to you, sir, that under all the circumstances it would be only fair if some remarks were permitted in reply to, or in connection with, the remarks made by the Prime Minister in regard to railway recapitalization. I would like, subject to what you are prepared to rule in regard to the matter, to make one or two observations and end with a question which would perhaps put me in order. The Prime Minister has stated, at least I take it that he said this, that he opposses recapitalization—

Mr. BENNETT: I did not say that at all.

Mr. SPEAKER: The hon. member has the right to ask a question but I think he realizes that the matter cannot be the subject of debate at this stage.

Mr. EULER: I made that comment already, Your Honour, but I say also that it does not seem fair that one side of the question should be presented and no opportunity given to present the other side. The Prime Minister (Mr. Bennett) stated that it should always be possible to see from the books of the Canadian National Railways the amount of money invested in those railways, or spent upon the railways.

Mr. BENNETT: I used the word "invested."

Mr. EULER: I do not think that is the proper use of the word; we will say spent or invested. If he insists that that shall be shown on the railway books why are not the entries in the government books consistent with those in the books of the railways? Those amounts have already been absorbed into the national debt and they should appear on the books as assets owing by the Canadian National Railways. I should like to know why the two sets of books should not be consistent one with the other. There is some further information I should like to have, being a layman instead of a lawyer. The Prime Minister stated that permission had been granted to lodge an appeal in connection with the valuation of the Canadian Northern Railway and Grand Trunk Railway stocks.

Mr. BENNETT: No.

Mr. EULER: With regard to the valuation of the stocks.

Mr. BENNETT: No.

Mr. EULER: The Grand Trunk shareholders in Great Britain are not satisfied and they desire to go to the courts in order to settle their claims. Although permission has been granted they have yet to appeal, that appeal has not actually been made. If that is the case, why would that interfere with any action which the government might desire to take in connection with the recapitalization? The amount mentioned by the auditors as capable of being written off by a mere bookkeeping entry was over one billion dollars while the amount involved in the litigation by the Grand Trunk shareholders and even the Canadian Northern shareholders is less than $300,000,000.

Mr. BENNETT: The only reason I rose to speak to this matter was because of a question asked yesterday by the hon. member for West Lambton (Mr. Gray). I did not endeavour to make a controversial argument, I endeavoured merely to state the facts. I read the letter which I had written on May 15 and the reply thereto. Rather than make a statement, I read from the proceedings before the privy council. The hon. member for North Waterloo (Mr. Euler) has entirely

misunderstood the reference to the litigation. This litigation strikes at the life of the amalgamation of the Grank Trunk, it asks for a declaration that the whole statute by which we acquired the Grand Trunk is ultra vires. It goes further and asks that the action taken by the government in this country pursuant to the statute to strike the names of the shareholders in Dashwood House off the record is illegal. It is not a question of simple arbitration.

Mr. EULER: What is the point involved?

Mr. BENNETT: The whole question of the amalgamation of the Canadian National system. When my hon. friend suggests that notwithstanding that legislation we should go on with the recapitalization, I do not think he understands the true state of affairs. This country should not be in the position of having taken any action to change the status quo during the litigation, and that is why I made it clear to the house just what was the position.

Mr. MACKENZIE (Vancouver): What is the position of the litigation at the present time?

Mr. BENNETT: The appeal is expected to be heard in July.

Mr. EULER: Is the appeal actually made?

Mr. BENNETT: The appeal is pending for argument in July. All I am asking is that there shall be nothing done upon the books to change the position so that it could be said that we had taken certain action before the completion of the appeal. I endeavoured to confine myself to a reading of the record and I regret that it should be thought that I have any objection to the capital stock of the railways being written down. That may be the right thing to do when the time comes but in the meantime I have expressed the opinion that the investments in the road should be shown upon the books that are published to the world. So far as the method of book-keeping is concerned, the government books show exactly the same amounts. When I ask the government what sums have been invested in the Canadian National Railways they produce the books and show what they have, the only difference being that the amounts are paid as interest on the national debt instead of as interest on the securities of the railways.

Mr. MACKENZIE (Vancouver): Is this government interested in the appeal?

[Mr. Bennett.]

Mr. BENNETT: The attorney general of Canada was joined as a party defendant for the reasons given by Mr. Green when arguing before the privy council.

Mr. EULER: The Prime Minister has said that he gave only the facts. So far as the record is concerned, the recommendations of the auditors intended to preserve the capital amounts which have been expended on the Canadian National Railways in any shape or form and that record will always be there. Some reference to politics has been made and I should like to say that I disavow of that kind so far as the proceedings of the committee are concerned.

Mr. BENNETT: I referred merely to the records.

CANADIAN HIGH COMMISSIONER

On the orders of the day:

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, on the orders of the day, on Thursday last an order was passed on motion of the hon. member for Témiscouata (Mr. Pouliot) for certain details respecting the organization and expenses of the office of the high commissioner in London, and yesterday the member for Témiscouata asked that a precise date be fixed when this return would be tabled. The return involves a very great deal of research and it will take some considerable time to complete. The time of six days which has elapsed has been altogether insufficient.

TRADE AND INDUSTRY COMMISSION

ADMINISTRATIVE, ADVISORY AND INVESTIGATORY FUNCTIONS—PROVISION FOR A DIRECTOR OF PUBLIC PROSECUTIONS

The house resumed from Wednesday, June 19, consideration of the motion of Mr. Hanson (York-Sunbury) for third reading of Bill No. 86, to establish a dominion trade and industry commission.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, when the house adjourned yesterday I was discussing the defence which the Prime Minister (Mr. Bennett) had made of the reform program of the government. The speech of the Prime Minister seemed to indicate that financial and legal considerations were paramount, and to this point of view I decidedly object. The Prime Minister has urged that Canada must maintain her credit. He stated that we must

pay back our debts and retain our credit as a matter of national honour. He said:

> Once it gets abroad that we are prepared to enact legislation, whether it be provincial or federal, that destroys the contract made between the borrower and the lender—destroys it I say—and substitutes for it something else, that moment we have become what is familiarly known as "welchers."

And again:

> If obligations are created without provision for the reduction of the rate with the increase in the purchasing power of money then the contract must be observed if we are to maintain the character of our people.

The Prime Minister as well as others recognizes that at certain times deflation may materially alter the character of a contract. I need only to refer to the statements he made before the committee on finance of the imperial conference when he clearly recognized that deflation had imposed an enormous extra burden upon the people of this country. In spite of this, he said yesterday that if we did not live up to the letter of the law, even although the dollar had changed in value, we would be in an ethically unjustifiable position. He is emphasizing the letter of the contract, the purely legal side of affairs but I submit that even from the legal aspect as well as from the standpoint of equity and ethics, when the dollar has altered as materially as it has, repayment should be made according to the purchasing power of the dollar when the contract was made. Undoubtedly the deflation has meant the transfer, as Irving Fisher told us twelve years ago, of hundreds of thousands of dollars from one set of pockets into another. It has meant that many people have been reduced to beggary while other people have been exalted to a position where they can levy tribute on the entire population of the country. If to maintain our credit means that we are to maintain an unjust relationship between creditor and debtor, then I say our credit may very well go.

Why after all from the standpoint of expediency, should we maintain our credit? I suppose it is in order that we can continue to borrow; that is to say, we should maintain our credit in order that we may be able to go more deeply into debt—a curious point of view. Canada is already carrying a sufficient load, and we ought to be able to deal with the situation as it is without regard to prospective borrowings that may sink us still deeper. But in the last sentence I read I find a phrase to which I cannot but strenuously object. We should pay these supposedly honest debts in order that we may "maintain the character of our people." Maintain the character of our people! I wonder whether those who deal so exclusively with financial and legal matters can understand the real position that confronts tens of thousands of our people to-day. I hold in my hand, for example, a voucher that was given in connection with unemployment relief by the municipality of East Kildonan. I am not blaming the government of the day directly for this, but it can readily he seen from this document what sort of treatment the problem has received. The voucher reads:

> Municipality of
> East Kildonan
>
> Unemployment Relief Department
>
> Only to be accepted by merchants registered with the Unemployment Relief Department
>
> Special
> King George V Silver Jubilee
>
> Case No.....
> Date.....
>
> To Merchant:
> Please supply party producing for your inspection identification card corresponding to case number and signature contained herein with merchandise to the value of 20 cents.
>
> .....
> Relief Officer.
>
> .....
> Signature of Recipient.
>
> .....
> Signature of Merchant.

The family that received that relief points out that that 20 cents would secure one pound of round steak—that is all—and I submit that this is significant of the kind of treatment that we are giving honest Canadian citizens. And it is abominable treatment; it is nothing less than an insult, that in connection with the King George V Jubilee we should give largesse of that kind. The Prime Minister, even in the statement he made this afternoon with regard to the Grand Trunk, points out with what infinite care the law guards the rights of shareholders. What I am pleading for is that we should safeguard the rights of Canadian citizens. I am not for the wholesale repudiation of all obligations, but there are far more sacred obligations resting upon us at the present time and which to-day are being disregarded.

One other little document I hold in my hand may perhaps bring home to the house the actual situation which arises from our disregard of the rights of our people, especially our young people. Some months ago in this house I called attention to a lamentable incident in which a young boy had fallen from a freight train. He was badly injured and as his rescuers picked him up he said, "Kill me; I am no good anyhow." A few days ago I

received from Saskatchewan a letter from a man who apparently is of Ukrainian or Polish extraction. He cannot write very good English, but I think his English can be understood. He says:

Dear Sir:

On February 28, 1935, I read in the Western Producer paper, you where referring about a boy who fell from a freight train in the west and begged his rescuers to kill him because he was no good to anyone;

Would ask you kindly to let me know if you know where and when that sad accident happen; why I am asking you our boy went west about a year ago to B.C. and since last June we only had one letter from him, since we don't know where abouts he is; with this capitalistic unemployment system he took the hard road to find a living, went farther west last June and we didn't hear from him since he got to B.C.

You know how parents heart broken feel about it; will you kindly write us a few words.

I was very glad to be able to tell the father that the boy to whom I had referred was not his boy. But there are two thousand such boys now in one group at Regina and tens of thousands more in the camps; and the important point is that the government program, and this particular bill which forms the major part of it, is doing nothing whatever to solve these great problems. The bad practices referred to in the price spreads committee have grown up under the existing system and under existing legislation, which I submit the bill does very little to alter. I suppose we shall have to vote for the bill; it is good as far as it goes. But it is no great help to have the administration of the Combines Investigation Act transferred to a commission; it does not solve our problem. What did the Prime Minister say a few months ago in those radio speeches which excited the interest of us all and made us almost hope that something might be done?

The old system served you well but it ended in a nuisance. Is that so or not? It ended in a condition under which there has been universal depression and unemployment and poverty in the midst of plenty.

Is there anything in this bill before us, is there anything in the whole program of legislation which the Prime Minister has so rigorously defended that will do anything really to meet that situation? Again, he gave utterance in the last of those radio addresses to this statement which I think fairly summarizes the report of the price spreads commission:

Many faults and injustices in the capitalist system—child labour, sweat shops, slave wages, crushingly long hours, inequality of benefits, low prices to primary producers, high prices to the ultimate consumer.

[Mr. Woodsworth.]

One would have imagined, after the situation had been so carefully diagnosed, that we might well have expected some sort of remedy. And yet this is the kind of thing we find in the bill, section 20:

Unfair Trade Practices

20. The commission shall receive complaints respecting unfair trade practices and may investigate the same and, either before or after an investigation, if of opinion that the alleged practice constitutes an offence against a law prohibiting unfair trade practices, shall communicate the same to the attorney-general of Canada and to the director of public prosecutions or to the attorney-general of the province within which the offence is alleged to have been committed.

Does anyone think that that kind of measure solves the problem, that it comes anywhere within reach of the great outstanding evils which were outlined by the Prime Minister?

Child labour. We all know that there are infringements of the laws against child labour, but supposing this commission does investigate and refer cases to the attorney general of Quebec, does anyone think we shall get any action? None whatever. So here we sit, the dominion parliament, powerless in the face of a terrific abuse.

An hon. MEMBER: Oh, oh.

Mr. WOODSWORTH: Someone can scoff. It is easy to do that, but I submit that to scoff ill becomes the supporter of a government pledged to reform, when we are asking that government to implement the promises made so lavishly to the people, the promises in fact on which it was elected to office.

Sweatshops. Is there anything in this bill that is likely to be really effective in preventing sweatshops, preventing people being ground down in such a way as reminds us vividly of that poem of Thomas Hood of so many years ago? In England they have corrected some of the abuses associated with the sweatshops, but these abuses are about as bad in many communities of this country as they ever were in England.

Slave wages. With wages of something like $2 a week, is there anything in this bill that is going to help much? Even if we have a minimum wage law brought in we are told that without some supplementary legislation the last state is worse than the first.

Crushingly long hours. Again we have a bill that tends to help in certain instances, but which allows such exceptions that the legislation as a whole will not prove really effective.

Inequality of benefits. Can anyone think of the unequal distribution of the wealth of

this country without realizing that something is radically wrong. Only about two per cent of the people of this country are sufficiently well to do to pay federal income tax. We in this house, because of receiving our indemnity, if nothing else, are placed in the category of the wealthy two per cent. Is there anything whatever in this legislation that will alter the faulty and inequitable distribution of the wealth of this country? Nothing that I can see.

Low prices to the primary producer. This opens up the whole question of the farmers. It is all very well to have the grain board bill, I intend to vote for that measure, I think it is a move in the right direction; at the same time I do not believe it will solve the problem of the primary producer. Another session has gone and this government is about to pass out of power without having made any real attempt to solve the problem of the primary producer and of high prices to the consumer. In spite of the protestations of the government retail prices have been going up. How can the Prime Minister sit here complacently while his own charges stand unanswered? I quote again from him:

> Men whose mounting bank rolls loom larger than your happiness, corporations without soul and without virtue.

But according to the Prime Minister, although that is so the federal government of this country is unable to do anything about it because of the constitutional difficulty. Objection has been raised—even by the Prime Minister himself yesterday—to calling any infringement of "personal liberty" and "personal rights" a crime. I submit again, as I did the other day, that there is no clear subdivision between what is crime and what is not. It depends upon the conscience of the people and upon the degree of advancement in civilization that we have attained. Surely if we can make it a crime for a man to steal a loaf of bread we ought to make it a crime to defraud the public of millions of dollars. But we are not doing that, we are making no effort to do it; we shield him, we protect him by the law. He is further protected because he has money and is therefore able to appeal from court to court. If we had a government with the will to do it, it would be a simple thing to make this kind of fraud a crime and enforce the law in respect to it.

The Prime Minister waxed eloquent about the necessity of maintaining the independence of our judiciary, yet there are cases where our judges have said that it is not possible under existing circumstances for employers to pay the minimum wage. Thus the judges themselves are deliberately setting at naught the laws of this country. I say that when a judge does that I have no respect for the judge, he is a disgrace to the judiciary and ought not to be protected, although he may have an honoured position that has come down from earlier times when judges were perhaps a little more impartial than some of them are proving to be to-day. I quote the Prime Minister again:

> Behold the sad and idle multitudes throughout the world. If the system is functioning as it should why are there so many unemployed?

And the Prime Minister gave his own answer:

> The real answer is that there is something wrong with the system....

I am not going to quote further. I submit that it is obvious that the Prime Minister himself has recognized some of the fundamental evils that exist under our system. He has clearly outlined them. A few months ago he promised that we would have regulation, presumably regulation that would deal effectively with these problems, but so far in this whole program, and particularly in the bill we have before us, we have no machinery through which we may hope to overcome these evils.

Mr. ROBERT McKENZIE (Assiniboia): Before this bill passes I desire to make a few observations. for I think it is too important a matter to let pass without something more than is provided in the bill. The bill is intended to implement one of the recommendations of the price spreads and mass buying commission. It is one of many bills intended to fulfil that purpose. We had Bill No. 70, an amendment to the Weights and Measures Act, then we had the Live Stock and Live Stock Products Amendment Act, and the Criminal Code amendment, and following that the Fair Wages and Hours of Labour Act, and then amendments to the Combines Investigation Act followed by amendments to the Companies Act, and now we have this bill.

I listened yesterday with a great deal of interest to the Prime Minister, and with some of the things he said I agree, but on the whole I was at a loss to understand why, with the knowledge he had of the conditions, he appointed this commission at all. He told us of a committee appointed in 1919 of which the hon. member for East Kootenay (Mr. Stevens) was vice-chairman, and how they made certain recommendations that were implemented by legislation, and later on that legislation was declared by the privy council to be ultra

vires. Then he told us that in the legislation that has been brought down we have gone as far as we can go under the constitution. He says we must proceed in a constitutional manner. If this legislation really amounts to nothing more than a trifling amendment of a few existing statutes, if that is all the government can do, and the Prime Minister knew that was all, why did he appoint this commission at such great cost to the country? This commission has cost this country hundreds of thousands of dollars; is no good to come from it? I agree entirely with what the ex-Minister of Trade and Commerce (Mr. Stevens) said with reference to this anaemic legislation. He was one of the leading lights of that commission, and he refers to these measures as anaemic legislation.

Speaking in connection with this bill the other day the hon. member for East Kootenay (Mr. Stevens) mentioned the tragic conditions that have grown up among us and that are challenging our attention. In any speech he has made the hon. member has never put the blame for those conditions just where, in my opinion, it belongs. In speaking along these lines some years ago I said, and I repeat to-day, that the effect of the tariff on our external trade has been largely responsible for the conditions that have arisen in this country. We hear a great deal to-day about over-production as one of the main causes of our present distressing conditions. Since we have heard and read some of the findings of this commission those of us who have little faith in the value of tariffs for the purpose of protecting industry are more than ever convinced that Canada has gone entirely too far in the matter of tariff protection to industry. After all, though that protection may be of assistance to some ten or fifteen per cent of the people of the country it is detrimental to the other eighty-five or ninety per cent, and for that reason I have no faith in the efficacy of tariffs to bring relief from the situation that now exists. We have further evidence of that in the fact that in the last few years we have had the highest tariffs ever known in this country, but during the same time we have had the most distressing conditions we have ever known. Let me repeat, then, that I am convinced that high tariffs, with their inevitable effect upon external trade, are responsible in large measure for our present troubles.

I agree entirely with what the hon. member for East Kootenay said yesterday, that the small business man must have a chance. We realize that in the last few years he has not had a chance, but what greater chance will he have under the legislation that has been brought down? It amounts to very little. The main criticism I have in connection with the commission that sat for so long and that brought in a very voluminous report is that they went entirely too far afield in their investigations. They should have been satisfied to take a few conditions that were known to exist and investigate them thoroughly. If that had been done I believe they could have found some means of alleviating some of those difficulties. I contend that the dissenting report of the hon. member for Weyburn (Mr. Young) strikes at the root of the problem, not only when it deals with the effects of the tariff but also when it speaks of competition. In their report the commission deal quite extensively with the question of competition in business, and I should like to refer to one or two of their findings in order to show whether or not the lack of competition has been a real factor in bringing about the present situation. At page 61 of that report, dealing with the agricultural implement industry, they say:

> The domination of the four large companies in this industry also affords an example of the existence of what has been referred to as imperfect competition. Of the four large companies, one, International Harvester Company of Canada, Limited, is a wholly-owned subsidiary of the largest American organization in this industry, and its policy is therefore determined by the management of that organization. Massey-Harris Company, Limited, and Cockshutt Plow Company, Limited, the shares of which are both widely distributed, may also be said to be management-controlled. The fourth company, Frost and Wood Company, Limited, has for many years been virtually, and now is actually, a subsidiary of Cockshutt Plow Company, Limited. We therefore have a situation where the managements of three large companies dominate the industry in Canada. As a result of this situation competition between them is "imperfect," rather than "simple." This is shown, even in the absence of direct agreement or affiliation, by the maintenance over a long period of years of substantial similarity in prices and practices. Due to the dominant position occupied by these companies for many years and the policies which they have adopted, no cut-throat competition has occurred in this industry either before or since the depression. We have seen in other industries how competition of that nature can lead to abuses and unethical practices, and, while this industry and its employees may in this respect have been more fortunate than some others, it is probable that absence of simple competition has resulted in higher prices to farmers than would otherwise have obtained.

There is another reference to competition in another industry, from which I should like to read a short paragraph. At page 81, dealing with the textile industry, the commission say:

> One evidence of the imperfect character of the competition within this group is the fact

that the larger companies fail to compete with each other in certain goods. Thus the Dominion Textile Company, Limited, does not manufacture cotton denim, while other companies are the sole producers of other important lines. This means that the wholesaler, who wishes to carry a complete line of cottons, has to buy from all the larger companies.

To me, Mr. Speaker, that is sufficient proof that lack of competition is partly responsible for the present distressed conditions in Canada, because these two industries to which I have referred are two of the highly protected industries in this country, and the report says there is little if any competition in them. They are two of the industries that are bleeding the people whom I represent in this house, probably to a greater extent than any other industries.

In view of what has been said with regard to the lack of competition I am at a loss to understand why a few days ago the leader of the C.C.F. group in this house, who spoke just before me, rather ridiculed the hon. member for Weyburn for his advocacy of what he called fair competition. Where there is unfair or what has been called imperfect competition—whatever that means—in these industries it has been shown that as a result the farmers are paying more for what they buy than they would pay if there was fair competition. As a result of the high tariff there is no competition, because the manufacturers of those goods in other countries cannot send in their goods to compete.

It is also shown in the report that the lowest wages are paid in some of the most highly protected industries. In view of that fact, and in view of the other matters revealed by the report, I do not think the bill now before the house goes far enough. I agree with the hon. member for East Kootenay (Mr. Stevens), who was a member of the committee when it was first appointed, that it is nothing less than anaemic legislation. If ever a board was necessary to devote its whole time to trade and industry, certainly it is necessary at this time. The bill proposes to give such control to a part-time board; that is, the tariff board will devote part of its time to this work.

Near the end of the session for 1933 a bill was introduced by the Prime Minister whereby he increased by $3,000 the salary of the chairman of the tariff board, who was then receiving $12,000. As a reason the Prime Minister stated that the position held by the chairman was a very important one and must be filled by a man of outstanding ability. Therefore he contended it was necessary that the chairman be given the additional salary. Some of us opposed it at that time, and we still believe the increase was unnecessary.

My point is this. If in 1933 the position was so important that the chairman had to have an additional $3,000, then I say it is too important to take on this extra work. He has not the time, and if he has the time then I say he has been paid entirely too much—and I have no doubt he has been paid too much, for a position such as the one he occupies. A board to control trade and industry would be much more important than a tariff board. The three members on the tariff board receive a total sum of $35,000 in salaries. I contend that if we were to disband that board and appoint one consisting of seven members we could get that number of men for the same amount or less; we could get men conversant with the different angles of industry, and the chairman could remain here in the city of Ottawa. By all means however let us have a board competent to deal with these matters.

To me the findings of the committee and the legislation based thereon have been most disappointing. As long ago as November of 1932 I placed upon the order paper a resolution in these words:

> That in the opinion of this house an immediate inquiry should be made under the provisions of the Research Council Act, chapter 177, R.S.C. 1927 or by other means, into the causes underlying the wide spread between the prices of raw products and the prices of goods manufactured from such products.

At the time I introduced the resolution I presented some specific cases wherein there were wide spreads between the prices of raw and manufactured products. Upon that occasion I made special reference to wool and leather goods, and like commodities. I was supported in the resolution by two or three of my colleagues, but I should like to draw attention to the fact that although the hon. member who preceded me is very much concerned to-day about what is being done under this legislation, I did not receive his support when on February 6, 1933, I introduced the resolution to which I have referred. As I recall the circumstances, during the discussion of that resolution one of the members of the C.C.F. group to which the hon. member belongs was in the house, and part of the time two members were here. Upon that occasion they were not concerned about the resolution, but now they pretend to be very much concerned about what is going to happen. When I introduced the resolution I called the attention of hon. members to the fact that while the price of wool was only about four cents per pound, a man wishing to buy a suit of woollen under-

wear would have to pay for it at the rate of $3 per pound. I mentioned that while oats were selling at seven cents a bushel, oatmeal sold at five cents per pound; hides were selling at 25 cents each and shoes at from $7 to $10 per pair. To-day the Canadian people are not so much concerned about the method by which we propose to stop competition, but they do want to know how we propose to ensure them a reasonable return, and thereby bring about an equality between the amount they receive for their products and the amount they have to pay for supplies.

In the month of April I received a return from one of my constituents. This return purports to be a statement from the Saskatchewan Cooperative Creameries. This gentleman in the month of March sent 30 dozen eggs to the company's plant at Regina, and the return he received indicated that the eggs were graded in classes A, B and C. according to quality. His total receipt for the 30 dozen eggs amounted to only $1.67. In the note which he sent to me he stated that on March 11 the eggs were sold for 5½ cents a dozen, but that on April 8, the date of writing, they could not be sold for enough to pay for transportation.

After putting this country to an expense of hundreds of thousands of dollars in carrying on an investigation I believe the Prime Minister is not fair in stating, as he did yesterday, that we have gone as far as we can under the constitution. If that is so I say he should not have appointed the commission, and should have followed the suggestion I made in February of 1933, more than two years ago. This work could have been done by the research council without cost to the country, and I have no doubt that in the final analysis some means could have been found whereby to a certain extent at least we could have been relieved from the conditions which still exist.

In my view the inquiry has certainly fallen short of what was expected. What advantage will it be to my constituents if I have to tell them that one result of this expensive inquiry is that if they allow a man to work for half an hour over the allotted time they will be liable to a fine or imprisonment. Sometimes a man comes along—I have had this experience—wanting a job at any wage. If in that circumstance you have not very much work to do but consent to give him a dollar a day you will be liable to a fine or imprisonment for accepting the services of the man in question, and for giving him a home but paying him less than standard wages. That is about the only result we have had from the investigation.

[Mr. R. McKenzie.]

The Prime Minister spoke about the constitution. In view of his knowledge of the inquiry held in 1919 I contend that since February of 1933 he has had plenty of time to amend the constitution so as to make it possible to do something for these distressed people who are suffering for want of legislation along those lines. I ask the government: Why did you not do it?

Mr. T. L. CHURCH (East Toronto): Mr. Speaker, I do not intend to give a silent vote on this bill. I think the government deserves the utmost credit for being the first government since confederation to endeavour to do something through the regulation of trade and commerce, for the workers of this country. This particular bill to create a federal trade board will create a new industrial magna charta for the workers of this country. The Conservative party has done itself proud in the mass buying commission. It originated with the Conservative party, and all along the Conservative party has been the friend of labour and of the consumer.

We have had this session in my opinion too much law and too little common sense. We should forget that we are lawyers and endeavour to carry out as far as possible the very important recommendations which have been made by the mass buying commission. The purpose of this bill is to give a new deal to the masses of our people and it should not be approached by quoting law cases and decisions based on separate facts, because we are faced with a completely different set of facts now, owing to changed conditions, from those facing the fathers of confederation when the British North America Act was framed.

Ten years ago, Mr. Speaker, I advocated a federal trade commission, much of what is proposed in this particular bill, No. 86. Fortunately one of the cardinal principles of the British constitution and of our own constitution, which is part and parcel of it, is that the courts are subservient to the legislature. It was a great mistake in 1867 in so framing the British North America Act that we had any provincial legislatures at all. They were created by the fathers of confederation for political and not for economic purposes. The result has been that this government, which has done more for the working people than any other government since confederation has been very much hampered in framing this relief act or new deal, by stated cases and decisions of the courts on sections 91 and 92 of the British North America Act.

The British North America Act is a relic of the past, and in my opinion confederation cannot last much longer unless we grapple

with the problem and find a way to solve our economic and social problems in an orderly way. The day of free competition, of the open market, and of the law of supply and demand has gone, possibly forever. Great trusts, combines and monopolies in restraint of trade have been built up on these economic principles, and the abuses in this connection have brought about widespread misery and ruin to thousands of our people. As a result the greatest question in this country to-day is parliamentary and constitutional reform, cabinet reform and senate reform, especially in view of the decisions that have been quoted in this debate by lawyers inside the house and outside the house. I believe that very little progress will be made in solving our economic and social problems until we have constitutional and parliamentary reform. When I hear the learned quotations by the lawyers in this house and the recommendations of eminent lawyers outside the house, I am reminded of the words of Burke, "What shadows we are, and what shadows we pursue." Or, as Tennyson says in his In Memoriam:

> Our little systems have their day;
> They have their day and cease to be.
> They are but broken lights of Thee,
> And Thou, O Lord, art more than they.

No country in the world has had such little regulation of trade and commerce as Canada. Look at only one section of the British North America Act, section 91, dealing with the powers of parliament, included in which is the power to regulate trade and commerce. That field has been unexplored ever since confederation; it is a no man's land. Section 91 of the British North America Act which defines the powers of this parliament, says "for greater certainty but not so as to restrict the generality of the foregoing terms of this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated," and the second subject mentioned is "the regulation of trade and commerce." Paragraph 27 of section 91 gives this parliament power to deal with the criminal law, except the constitution of courts of criminal jurisdiction, but including the procedure in criminal matters, and the last paragraph of that section gives this parliament power to deal with the following classes of subjects:

> And any matter coming within any of the classes of subjects enumerated in this section shall not be deemed to come within the class of matters of a local or private nature comprised in the enumeration of classes of subjects by this act assigned exclusively to the legislatures of the provinces.

But there has been no effort to see or take advantage of this exclusive power, the regulation of trade and commerce by this parliament. That field, as I say, has been unexplored; it is a no man's land. No country has so little regulation of trade and commerce as Canada, although this parliament has exclusive jurisdiction over that subject. Compare Canada with the United States and Great Britain. The United States has the Clayton Act; the anti-Sherman law, the federal trade commission; regulations by the Secretary of Commerce; newspaper identity regulation; the Interstate Commerce Commission regulation. The legislation of the parliament of England is larger than that of any other country in the world. Yet they have national boards or councils regulating transportation, coal mining, transport, agriculture, the marketing of bacon and eggs and many other products with compulsory powers and beyond even the regulation or control of any court of law. In England, so much so that the MacDonald-Baldwin government are called by some people a soviet one in parliament, we talk about too much government in business, yet the big interests themselves are clamoring for government intervention. Had it not been for the government's intervention and help I do not know what would have happened to some of them. In view of the evidence that was given before the mass buying commission the people back home are demanding that an end be put to the legalized injustices and tyrannies of modern capitalism in Canada, to the detriment of bona fide and legitimate private enterprise.

Private enterprise which brings all ranks of society together into personal contact whether in large enterprises or in small, one-man business or enterprises or in retail business—all these in Canada are in harmony with natural law. Great trusts, combines and restraints of trade are not in Canada but are mostly directed by big financiers and politicians. They in Canada are in effect an application in practice of nothing else but the communist principle. Let us not forget then the injustices and tyrannies which so-called modern capitalism has inflicted on thousands of the men, women and children and poor people of Canada.

Let us keep that objective in mind and cease talking constitutional questions about the British North America Act. The time

has come to stop pussyfooting and to tackle these great organizations that are subsidized and legalized by the state and directed mostly by great financiers and politicians. I speak of those trusts and combines trusts and restraints of trade which are nothing but an application of the communist principle. The average thinking man back home in this country thinks this particular bill is the most important bill that has ever come before parliament since confederation. The common people are demanding a policy that will help pull Canada out of the mire and get our workmen off the dole. They want to see planning by all governments, federal, provincial and municipal, to put half a million workers back to work by the end of the year. The country is ripe for just such leadership; it is waiting for a sign post showing which way we are going to go. This demand comes from the Conservative element in the Canadian nation, and we as a party must go forward to greater objectives. We want a new national policy such as this board is going to create. We must build our prosperity on a new and enduring basis. As the late Lord Salisbury said, the commonest error in politics is sticking to the carcasses of dead policies. Now is the time to do something. There are in my opinion too many Woodrow Wilsons in the legislatures of this country who are too proud to fight for legislation such as this. We should have had an act like this ten or twelve years ago. The field should have been explored then, and this country would not then have been in the economic turmoil it is in to-day.

I am sorry that some of the clauses in this bill have not been written into the criminal code, particularly those which deal with sweatshops. Notwithstanding what has been said about the criminal law of this country, the law courts have never had before them this vast field of trade and commerce which is placed exclusively under the jurisdiction of this parliament by section 91 of the British North America Act. Precedents have not been built up in the courts to deal with that particular section and because lawyers both in and out of the house say that a certain thing is so, does not make it so. No court of law has said that this sweatshop legislation cannot be written into the criminal law. Similar legislation has been written into the criminal law of the United States and the mother country and it can be done here as well. We have practically no regulation of trade and commerce except in connection with our external trade. As I said in a previous debate, we have not been spending enough time on our domestic problems and perhaps too much time upon our internatonal problems. Certain infringements, along social and economic lines could be made crimes by enactments of this legislature. Certain sections of the Clayton act and the Sherman anti-trust act could be written into our criminal code.

I believe Canada wants this trade commission to be up and doing. We want a trade commission with a kick in it. This commission should be under someone like the late Mr. Justice Mabee, a previous chairman of the railway board. That learned gentleman built up a number of rules and regulations. I regret that a judge has been chosen as head of this commission because if there is one board which should be under a layman, it is this particular one. The mass buying and price spreads had two good chairmen. One of them, the other day, a very brilliant young lawyer gave an address on this question in the house. What this country needs at the present time is a great public rights lawyer; then this parliament would not have to call in corporation lawyers. I have had considerable experience and I say that once a corporation lawyer, always a corporation lawyer, especially when interpreting the British North America Act. They see things in just one way. The Toronto street railway agreement, and the British North America Act have led to more litigation and references to the law courts than any other acts in history or that have come up in recent years. I am sorry this country has not produced a great public rights lawyer like Ferdinand Pecora of Washington. He straightened out things down there and showed up the abuses of big businessmen and Wall Street; many of these men had not paid a cent in income tax. We need a similar public rights lawyer in Canada to deal with the chisellers in this country. What has happened in connection with this matter happened in 1928 when the water power versus navigation matter was before the house. The Supreme Court of Canada was asked to answer certain abstract questions in connection with water and navigation rights on the St. Lawrence river but those questions were so abstract that neither the supreme court nor the privy council could give a proper answer, and they returned them as unanswered in part owing to their not being concrete.

The enforcement of federal laws is placed upon the provincial attorneys general. Why should not this government have law officers of its own to enforce all federal statutes in connection with all our acts and trade and commerce? We know the type of enforcement of our acts which will be carried out by the

provincial attorneys general in Victoria, at Queens Park or in Halifax. Our own laws should be enforced by our own law officers. All the law of this country is not contained in the British North America Act. There is a written and unwritten law, we have as well precedents usages and customs.

This government has endeavoured to do things in a new deal in spite of the obstacles raised by the British North America Act. All along the Conservative party has been the real socialistic party and the real labour party. Nearly all the useful social legislation has come from this party. This party has given protection to the workingman.

Back in 1905 we saw what great constitutional lawyers could do. The Liberal government of that day attempted to keep the people away from the boon of cheap light and power in Ontario and some of the very same type of lawyers who have been arguing on this particular matter, gave somewhat similar decisions thirty years ago against the people owning their own power plants. I saw a cartoon the other day in the great paper published by Horace Greeley. It showed two sailors who had fallen overboard from a boat in New York harbour. They had life savers around them and were looking up at the sinking ship and saying, "Yet fundamentally the ship is sound." That puts me in mind of our economic ship, we thought it was sound but we have found out that it is not sound. For over one hundred years the working classes have been striving for power and they have it to-day in Canada. The controllers of property and commercial enterprises who have for the last 100 years had the political power have been losing it. What Disraeli called the suffering millions are going to decide the coming elections. During the past five years this government has brought Canada out of the mire, we have been blessed in the gifted Prime Minister we have had. The mass voter is fickle and even the responsible voter seems to be changeable. If we are to have national economic security we must make plain the principles and policies for which this party stands in bringing forward this important bill. The average voter thinks that if the state is able to distribute poverty, it should be able to distribute wealth. I believe in fair wages and security. This government has made a brave effort to solve these problems in the price spreads and mass buying committee and commission.

Something has been said with reference to those who have been opposing this particular legislation. Mr. Charles Burton of Toronto was referred to the other day by the hon. gentleman from South Winnipeg (Mr. Kennedy) who was chairman of the mass buying committee. I do not know what type of regulations this proposed board will have and I do not know of any board, human or divine, which has ever been able to regulate some of the institutions with which the gentleman I refer to has been connected. He was out west the other day and while he hides behind the luxuries of his Arcadian Court and ribbon counter; he wants to bring forth a scheme of regimentation of youth; he would have brigadier generals, major generals, honorary colonels, captains and all that sort of thing, a sort of regimented Coxey's army for the youth of this country. It would be much better if he would get up a regiment of profiteers middlemen, chisellers and tax evaders, bondholders, income tax dodgers, security and trust company racketeers and no par value shareholders. Mr. Burton used the words as reported, "shyster politicians" in referring to our mass buying commission, members of which worked hard for the people of this country. He would be far better engaged and more at home commanding such a big interest regiment than in criticizing a parliament which is making a brave effort to do something to remedy the evils that now exist. The Conservative party, which has done so much for the farmers and the working classes, is now making a genuine effort to solve the problems that face this country, and I hope that no amendments in another place will be made to the measure now before us. Amendments are coming in every day, from this place to the bar of the house to our clerk; 104 amendments have been brought in this week from another place, the Senate virtually vetoing the votes of the direct representatives of the people in this chamber. I hope that no amendments having any such effect will be made to this bill or accepted either.

The period from 1921 to 1930 constituted the golden age of mergers, trusts, combines and so on. The Insulls, the Morgans, the Mellons, the Youngs and the Mitchells of Canada were a regimentation that rode the crest of the wave, and nothing was done to stop them or to regulate them. These gigantic mergers were captained by Canadian supermen whose big brains were supposed to be guiding Canada to a greater future. To the average Canadian these gigantic financial manipulators and utility barons, security barons and trust barons were above suspicion; under them disaster seemed almost impossible. But they are no longer the master minds of Canada. I am surprised that on this question

in this house the government did not have support, from the very beginning of this session, from all parties. The Liberal party of this country represents to-day the last stand of economic Liberalism in Canada. It relies on these social measures being declared unconstitutional. It is the party that for nine years had a chance to do something along these lines, but only dilly-dallied. It is the same party which in England opposed the factory acts and free schools, and the liberation of the trade unions. To-day it concentrates its attention in Canada on the tariff and on wider markets when wider markets are not available. The Liberal party in Canada is an advocate of social reform, pensions, doles, social insurance—all these are in its platform for the higher life, but they refuse to give to this house a plan or platform to grapple with the cause and effects of the social revolution and with those economic factors which deprive men of the bread of their own production and the fruits of their own toil. I believe that free trade and the error of the Liberal party's policies have been to the detriment of agriculture and of industry in Canada. Many children are in factories to-day who should be in school, and most of the young offenders who come before our courts are underprivileged children many of them from poverty stricken homes, who from birth have never had a proper chance.

In this bill, the Conservative party, which has always been constructive, is again constructive in its effort to solve the problem. The Conservative party has to its credit reform legislation such as the eight hour day bill and legislation for a minimum wage. This party is equipped by position and temperament to bring better order into Canadian life and industry, and to check the abuses which affect the consumer and the labourer. We should remove some of the unethical business practices, and bring protection up to date, eliminate the abuses to protect consumer and labour, and prevent further burdens and artificial barriers being placed on business. The main problem to be solved in Canada is unemployment. That is the main problem because no scheme of pensions and no scheme of unemployment insurance is a substitute for work and wages and the desire of people to work. Employment is the only real agency by which the nation's wealth can be distributed. Without consumption, production is a mere waste, and work and wages for all is the main agency of distribution. This party was the founder of protection, and it should dedicate itself to solving this problem of distributism and of getting people off the dole and back to work. Agriculture has always been traditionally associated with the Conservative party. As a party we stand for the further development and preservation of the home market for agriculture. Our own markets for our own products, and our own work for our own workmen is our policy. Agriculture is the oldest of our industries from the point of view of employment. It has been content to choose order instead of anarchy, and industry can be made amenable to similar treatment.

I believe this government has made a courageous effort to do what it can. We have heard express and implied doubts about this legislation and I regret that those doubts have come from the sources from which we have heard them. Such doubts should be expressed by the law courts and not by the law officers of the crown nor by retained corporation lawyers. It sems to me that in the future the government would be well advised to consult some public ownership lawyers, public rights lawyers and lawyers who have a knowledge of labour problems; they should consult lawyers with those sympathies when drafting legislation for improving the condition of the working classes.

Mr. ANGUS MacINNIS (Vancouver South): The hon. member for Assiniboia (Mr. McKenzie) referred to a certain resolution he brought in in 1932 or 1933, and which did not, according to him, get the support of members in this corner. I do not remember just what that resolution was, but I presume it was one asking that some investigation be made or ameliorative measures be taken to protect either the farmer or the working classes from exploitation under the present capitalist system. I am sure that the hon. member for Assiniboia did not advocate the abolition of the capitalist system under which such exploitation takes place and must take place; and if we did not support him it was because we had a better solution for the problem, namely, the abolition of the system that gives rise to all these conditions of which complaints are made.

The attitude of many members in this house reminds me of a story of a certain city council in a town where one of the streets crossed a large ravine. Many accidents were taking place in this ravine, vehicles kept running off, but the city fathers would not put up a railing. Instead they insisted on keeping an ambulance at the foot of the ravine to take care of victims. My friend from Assiniboia will not put up a railing nor abolish the danger, he is satisfied to have an ambulance at the foot to take care of the victims of the capitalist

system. And I am sorry to say that he is not the only one in the house who takes that position; I am afraid the great majority do.

I do not think that any member need apologize for discussing this bill at this stage. It is an important bill, the purpose being to give effect to some of the findings of the commission on price spreads and mass buying. We are fairly well accustomed to committees and commissions in this country, but I doubt whether we ever had a commission or a committee of investigation that created such a stir or so roused the people of the country as did the findings and the evidence of this commission. The country was shocked at the evidence brought out. The press gave wide publicity to the evidence, not only in its news columns but in the way of editorial comment on the practices that were found to prevail. I believe also that the work of the commission was well done, and the report is well prepared. Although we may differ as to the conclusions reached and some of the remedies proposed, we must commend the members of the commission for the way in which they performed their work.

The commission was almost unanimous in its findings. There is of course a minority report by one of the Liberal members of the commission, but I note that even the hon. member for Weyburn (Mr. Young) agrees with some of the findings. For instance he agrees that the government should prohibit the sale of diseased meat. Possibly he made that concession in a weak moment. I am glad he went that far, but his reasons for doing so are not very convincing. After he said that, he opposed the recommendation of the other commissioners that old and thin animals should not be allowed to be sold on the market as food because he held that they were going too far, as their recommendation deprived the owners of such animals of a market, and shut off poor people from a source of food they could afford. If his argument is true of old and thin animals it is equally true of diseased animals.

But after all what did the commission find? They found enormous and far-reaching concentration of industry and finance. They found ruthless crushing of the small capitalist by the big capitalist. They found merciless exploitation of the working class in the shambles of capitalist industry. They found equally ruthless exploitation of the farmer through the control of credit, through virtual monopoly in the production of the implements he uses, and above all through control of the market in which he must dispose of his product. But it was not necessary to appoint a commission to find that out; it was apparent to anyone who made even a superficial study of the present system. I noticed that in a paper put out by the Liberal party a short time ago, in which they analyzed each member of the group in this corner of the house, I was put down as an out and out Marxian socialist. I never aspired to that high honour. I know of people who do aspire to it and I wish they did not. But if my hon. friends to my right would give a little more study to Karl Marx and less to Adam Smith and Ricardo and some others they would be on surer ground and would not have to change their position so often. Let us see what Karl Marx had to say on the concentration of industry, not this year nor last year but some sixty or sixty-five years ago. The writings of a man who could see so clearly into the future on even this one point are worthy of some consideration. Referring to the concentration of capital he said:

> It comprises a series of forcible methods,—

Such methods as were found by the price spreads commission.

> —of which we have passed in review only those that have been epoch-making as methods of the primitive accumulation of capital. The expropriation of the immediate producers was accomplished with merciless vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious. Self-earned private property, that is based, so to say, on the fusing together of the isolated, independent labouring individual with the conditions of his labour, is supplanted by capitalistic private property, which rests on the exploitation of the nominally free labour of others, i.e. on wages-labour.
>
> As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialization of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form.

That is, labour having already been cut off from all contact with the means of life, then the small capitalist goes in his turn:

> That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many. Hand in hand with this centralization, or this expropriation of many capitalists by few, develop, on an ever-extending scale, the cooperative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of

the instruments of labour into instruments of labour only usuable in common, the economizing of all means of production by their use as the means of production of combined, socialized labour, the entanglement of all peoples in the net of the world-market, and this, the international character of the capitalistic regime.

Have we not arrived there now? Is not that what the price spreads commission found even in this new country? Then he continues:

Along with the constantly diminishing number of the magnates of capital who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation;—

Is that not also what the committee found?

—but with this too grows the revolt of the working class, a class always increasing in numbers.... The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it.

Now we have just arrived at that stage, where capital has so developed and the means of further extension are closed, where there is no further opening for the investment of new capital; then the capitalistic mode of production, instead of being an incentive to production, has become a fetter on production. That is what the price spreads commission found. It does not make any difference how many laws and rules and regulations we provide for industry, industry at the present time cannot make a profit except by restricting production.

Now, as I said I have no great fault to find with the report of the price spreads and mass buying commission. I believe the commissioners did their work well. But they made the recommendations which they did because they did not understand the nature of capitalism. I will say this for the hon. member for Weyburn who brought in the minority report, that he has the courage of his convictions. He believes that if you let the law of supply and demand have free play everything will be well; that if we have what is called fair competition that is all we need. But there can be no such thing as fair competition. Competition of any kind presupposes some advantage by someone of those who are competing. If people are competing for a known objective, a limited reward, then the position of the person who gets the reward is thereby improved. Even in the animal world, where the power of organization is non-existent, the strongest and fastest have the advantage. But when you come to human society, where there is the advantage of social organization as well as other advantages, when one advantage is gained it is socially organized by the individual or group attaining it, and he or it is then better equipped for the next struggle. For that reason what the commission found, the great concentration of capital, is inevitable under the capitalist system. Everything it has found, as I have said before, has been stated from a thousand platforms in this dominion during the last forty years. It has merely cited, as it were, chapter and verse; it has said this is where the exploitation has taken place and there is where the ruthless competition has occurred; this is the company that has done this and that is the company that has done that. That is all that is new in the report. I am wondering where the hon. member for East Kootenay (Mr. Stevens) has been all these years. He is not in his seat now, but I may say that he is intelligent and industrious, and that for the last twenty-five years he has been living under circumstances which would have made it very easy for him to acquaint himself with the development of capitalism.

In its findings the commission has drawn attention to the concentration of capital, and in presenting those findings to parliament it draws the conclusion that this great concentration of capital is bad because it interferes with the activities, if you like, of the small capitalist, who no longer can compete on equal terms with the large capitalist. But in my opinion there is a far stronger argument than that against the concentration of capital in private hands. In the Canadian Forum of October, 1933 there appeared an article by Professor E. A. Forsey of McGill university, dealing with the concentration of power in Canadian industry; that was some considerable time prior to the appointment of the price spreads and mass buying committee. He said that perhaps one hundred persons here and abroad decide what we shall eat, what we shall drink, wherewithal we shall be clothed and most of our other activities. Then he went on to show the concentration of capital in the Dominion of Canada. First, with regard to banking, he said that three out of the ten banks had seventy per cent of the banking business, which meant that the other seven divided thirty per cent. In regard to trust companies he said that at that time there were forty-seven such companies in Canada, of which the four largest did seventy-seven per cent of the business. The three largest, the Montreal Trust, the Royal Trust and the National Trust, are closely linked with the three largest banks. Then we come to loan companies, of which there were thirty-six. Of these three did eighty-two per cent of the

business. They also are interlocked with the large banks. At that time there were sixty-six life insurance companies, Canadian and foreign, doing business in Canada. Of those companies three, the Sun Life, the Metropolitan Life and the Canada Life, controlled almost half the total assets. Life insurance companies are also closely connected with the banks, as are the investment trusts. In connection with transportation, the Canadian Pacific Railway is an important member of the North Atlantic conference, which dominates shipping. Two Canadian Pacific directors are directors of Canada Steamship Lines, which virtually controls Canadian lake shipping. Five Canadian Pacific directors are directors of Canadian Airways, the most important commercial aviation company in Canada. In regard to communications, the express and telegraph systems belong to the two railway systems. In eastern Canada telephones are controlled by the Bell Telephone Company through direct ownership and interlocking directorates. The directorates of the Canadian Pacific Railway and the Bell Telephone Company interlock also. In regard to electric power, apart form publicly owned systems it is almost entirely in the hands of three groups, the Holt interests, the Nesbitt-Thompson-Killam interests and the International Power and Paper Company. These three are linked up with subsidiary power companies across Canada. In connection with pulp and paper there were fifteen companies listed. One, the Canadian subsidiary of International Power and Paper, is interlocked with seven of these companies. In connection with iron and steel, Ford and General Motors dominate motor manufacture in Canada and International Harvester, Massey-Harris and Cockshutt Plough hold a similar position with regard to agricultural implements. In the general steel industry, Dominion Steel and Coal, Steel of Canada and Algoma Steel control the situation. Everyone knows that nickel is a complete monopoly. In regard to copper the Consolidated Mining and Smelting Company, a subsidiary of the Canadian Pacific Railway, holds a leading position. Cement is the virtual monopoly of the Canada Cement Company. In connection with oil refining the Imperial Oil Company, with assets of over $242,000,000, towers over its four competitors with combined assets of only $78,000,000. Rubber is in the hands of four companies. Textiles are largely in the hands or under the control of three main groups. Flour milling is controlled by four or five companies, four of which control a large part of the bread baking industry. Meat packing is in the hands of three or four companies and tobacco is almost entirely in the hands of one company.

Those were the conditions that were public knowledge before the price spreads and mass buying committee was appointed at all. What I find wrong in this situation is not so much that these large companies eliminate competition and crush the small, individual business; it is that these large companies control the means by which the rest of the community live and by which they must obtain access to the things they need in their everyday life. Such recommendations as have been brought in by the price spreads and mass buying commission are altogether inadequate in a situation like this. Through this control a few individuals, numbering perhaps not more than one hundred, can and do levy tribute on the rest of the community, and it seems to me that during the time I have been here parliament has been mainly concerned with seeing that they were allowed to levy this tribute without let or hindrance. I am reminded of the illustration used by Thomas Carlyle:

> The widow is gathering nettles for her children's supper. A perfumed landlord, lounging delicately in Paris, has an alchemy by which he will extract from her every third nettle, and call it rent and law.

If we change the perfumed landlord in Paris to a banker, an industrialist or a bondholder in Montreal, Toronto, New York or London and change rent and law to interest and profit, we have a clear picture of what Thomas Carlyle meant, so far as Canada is concerned at the present time. By the same methods as those used in Carlyle's time we find that today some landlords, some industrialists or other exploiters of labour take the value of the third stitch, if you like to put it that way, that the girl takes in her workroom in the attic or factory, and the third or possibly more than the third part of everything the farmer produces on his land. At page 111 of the report we find this statement:

> Frank exploitation of labour's weakness has been common. Evidence has followed evidence with monotonous regularity before the commission to show that, in many cases, the welfare of the worker is almost the last consideration that enters into the minds of employers in this industry.

The commission was referring to one of the industries. So long as the labour of the individual is a commodity which is bought and sold in the public market we are bound to have the conditions described in the report. The employer buys his labour in very much the same way he would buy any-

thing else. He buys it the same as he buys the electric current used in his plant, and he pays the labourer the value of his labouring power based on its cost of production. The employer is not concerned with what may become of the individual labourer. His chief concern is that there may be other labourers to do the work when the one now being used is worn out or has passed out of the picture. All the labourer receives for his work is, on an average, enough to maintain himself in a condition whereby as the days pass he may reproduce his labour.

At page 7 we find the commission coming to this conclusion:

> It is the fierceness of the struggle, not any unusual depravity in the men concerned, which leads to the adoption of such practices. No one business man can afford to follow the dictates of his conscience and refuse to conform.
>
> If he did he would be eliminated.

Here we have a responsible commission making the statement that conditions in industry in Canada are such that no individual business man may allow his conscience to interfere in the administration of his business. After all we cannot be very greatly surprised at that statement, because in years gone by have we not boasted that there was no sentiment in business, and that we could not allow sentiment to enter into it? That being so, if business must be conducted in that way why should we find fault with the individuals who carry on in the manner indicated in the report?

I maintain that the only remedy for the situation is the abolition of the system under which we live, and the taking away from a few individuals the right to control our means of life, the means by which we obtain access to the things we need. The solution offered by the commission is as follows:

> The only way out is for all the members of a trade or industry to agree to ban certain unethical practices, or for the state to force them all to agree to such abandonment.

But before the ink was dry on that statement the commissioners saw its inadequacy and added:

> Such an agreement, however, often will involve conflicting loyalties, loyalty to the particular group of producers and loyalty to society at large. If the agreement is mainly one not to compete, but rather to share the advantages of monopoly, other groups in society have nothing to gain.

I submit that that is the difficulty in all our social relationships. In a society divided against itself, as ours is to-day, there is nothing we can do which does not interfere with the economic rights or liberties of somebody. That condition must obtain as long as our society is on a class basis.

I am reminded of a statement made by Doctor Mayo, one of the famous brothers of Rochester. A few years ago he was reported as having said that cancer in the human body was caused by one of the cells of the body ceasing to cooperate with the other cells and becoming predatory in character. Whether or not this is true I am not in a position to say, but we do know that when individuals or corporations consider only their own welfare they become a cancer on the social body. That is what has happened and is happening under the present capitalistic system. No individual is to blame for it. As the commission has pointed out, the fierceness of the struggle for existence in the competitive system compels us to do the very things about which we complain.

In a consideration of legislation to deal with the conditions I find myself to a great extent in agreement with the hon. member for Winnipeg South Centre (Mr. Kennedy) I believe it was, who said that the government should go ahead and pass the legislation it believed to be necessary, even if it were a little doubtful whether such legislation was constitutional. In my view we cannot place provincial problems in one compartment and federal problems in another, and state that one section must not infringe upon the other. It is my view that the problems confronting the federal member of parliament are the same problems which confront members of provincial legislatures, and where the political complexion of federal and provincial governments is the same I do not believe there should be any difficulty about those governments getting together and arriving at a conclusion as to what amendments may be necessary to carry out that which is in the best interests of the country. Nothing can be opposed to the interests of the dominion and at the same time favour the interests of a province.

There is another reason why I believe the government should go on with this legislation, even though there may be some doubt as to its constitutionality, namely, that when we find out who is opposing the necessary legislation we will be able to put our fingers on those who favour exploitation as against cooperative effort. I am sure that even that would be so much gain.

As far as the bill itself is concerned I think that the objections that have been taken to it so far are well founded. First of all the tariff board is already too busy with its own work to have this additional burden cast upon

it, and the recommendations put into effect by this bill are too important to be a secondary consideration of any board or commission. I could find many reasons for opposing the bill on the ground that it does not go far enough but I suppose like other members I shall have to content myself with half or a quarter of a loaf when we cannot get the whole of it.

The house divided on the motion (Mr. Hanson, York-Sunbury) which was agreed to on the following division:

YEAS

Messrs:

Ahearn
Anderson (Toronto-High Park)
Anderson (Halton)
Arthurs
Baker
Barber
Baribeau
Barrette
Beaubien
Beaubier
Belec
Bell (St. John-Albert)
Bennett
Bertrand
Beynon
Blair
Boucher
Boulanger
Bourgeois
Bowen
Boyes
Bradette
Bury
Campbell
Carmichael
Casgrain
Chaplin
Charters
Chevrier
Church
Davies
Deslauriers
Dickie
Dubois
Duranleau
Edwards
Elliott
Ernst
Euler
Factor
Fournier
Fraser (Cariboo)
Gagnon
Gardiner
Gobeil
Golding
Guthrie
Hackett
Hall
Hanson (Skeena)
Hay
Heaps
Howden
Irvine
Kennedy
Kennedy (Peace River)
Kennedy (Winnipeg South Centre)
King, Mackenzie
Lapointe
Loucks
Lucas
Macdonald (Kings)
MacInnis
Mackenzie (Vancouver Centre)
MacMillan (Mackenzie)
MacMillan (Saskatoon)
Macphail, Miss
McGillis
McGregor
McIntosh
McKenzie (Assiniboia)
McKinnon
McLure
Maloney
Manion
Mills
Motherwell
Mullins
Mulock
Munn
Myers
Neill
Perley (Qu'Appelle)
Perras
Pickel
Plunkett
Quinn
Reid
Rhéaume
Ryerson
St-Père
Sanderson
Sauvé
Séguin
Senn
Shaver
Short
Simpson (Algoma West)
Speakman
Spencer
Spotton
Sproule
Stanley
Stewart (Leeds)
Stewart (Lethbridge)
Stinson
Stirling
Stitt (Nelson)
Stitt (Selkirk)
Sutherland
Swanston
Taylor
Thompson (Lanark)
Totzke
Tummon
Vallance
Weese
Weir (Melfort)
Weir (Macdonald)
Wilson
Woodsworth
Wright—121.

NAYS

Mr. Young.—1.

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

Mr. SPENCE: I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted, I would have voted for the motion.

Mr. JONES: I was paired with the hon. member for Prince (Mr. MacLean). Had I voted, I would have voted for the motion.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted, I would have voted 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. MATTHEWS: I was paired with the hon. member for Ontario (Mr. Moore). Had I voted, I would have voted for the motion.

Mr. ROSS: I was paired with the hon. member for Megantic (Mr. Roberge). 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 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. BELL (West Hamilton): I was paired with the hon. member for St. Henri (Mr. Mercier). Had I voted, I would have voted for the motion.

Mr. COTNAM: I was paired with the hon. member for Nipissing (Mr. Hurtubise). Had I voted, I would have voted for the motion.

Mr. LAWSON: I was paired with the hon. member for West Lambton (Mr. Gray). Had I voted, I would have voted for the motion.

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

Mr. MOORE (Chateauguay-Huntingdon): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted, I would have voted for the motion.

Mr. SULLIVAN: I was paired with the hon. member for Gaspé (Mr. Brasset). Had I voted, I would have voted for the motion.

Mr. TURNBULL: I was paired with the hon. member for Yorkton (Mr. McPhee). Had I voted, I would have voted for the motion.

Mr. ILSLEY: I was paired with the hon. member for Port Arthur-Thunder Bay (Mr. Cowan). Had I voted, I would have voted for the motion.

Mr. BURNS: I was paired with the hon. member for Last Mountain (Mr. Butcher). Had I voted, I would have voted for the motion.

Mr. WILLIS: I was paired with the hon. member for Lisgar (Mr. Brown). Had I voted, I would have voted for the motion.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted, I would have voted for the motion.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). 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. DUFF: I was paired with the hon. member for Cumberland (Mr. Smith). Had I voted, I would have voted for the motion.

Mr. BOTHWELL: I was paired with the hon. member for West Peterborough (Mr. Peck). 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 third reading of this bill.

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

[Mr. Lawson.]

Mr. VERVILLE (Translation): I was paired with the hon. member for Quebec-Montmorency (Mr. Dorion). Had I voted, I would have voted for the third reading of this bill.

Mr. PARENT (Translation): I was paired with the hon. member for East Essex (Mr. Morand). Had I voted, I would have voted for the third reading of this bill.

EIGHT HOUR DAY

CONSIDERATION OF SENATE AMENDMENTS

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

That a message be sent to the Senate that this house desires to acquaint their honours that in respect to the Senate amendments to Bill No. 21, an act to provide for limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, in accordance with the convention concerning the application of the principle of the eight hour day or of the forty-eight hour week adopted by the general conference of the international labour organization of the League of Nations, in accordance with the labour part of the treaty of Versailles of 28th June, 1919, this house agrees with amendments one to eight inclusive;

And that with respect to Senate amendment No. 9, this house moves as a consequential amendment thereto, that the words "six months" be substituted for the words "three months";

And that the clerk of the house do carry the said message to the Senate.

He said: I believe hon. members have the reprinted bill before them. As I indicated the other night to the hon. member for Comox-Alberni (Mr. Neill), I asked to have this bill reprinted so that the amendments of the Senate might be clearly understood. There is an amendment to section 3, line 27 of page 2. After the word "thereof" the words "other than an undertaking in which only members of the same family are employed" are added. That is an obvious necessity. In the succeeding line, the word "and" is substituted for the word "or." In section 5, line 41 of page 2, the word "hours" is inserted after the words "limit of eight." In line 42 the word "by" is substituted for the word "with." I think the word "with" is quite correct but as the Senate has made an amendment to change it to "by," it will be all right. In line 44 the word "such" is inserted after the word "no." In section 6 line 2 of page 3, the word "any" is inserted after the words "hours in." I think that is important. In the third line the same amendment is made, inserting after the words "hours in" the word "any"—"hours in any" one day. There is no amendment to section 7. Section 8 has been amended, as will be observed, by

inserting after the word "average" in line 17, which is the last word of the section, the words:

Such regulation of the hours of work shall in no case affect any rest days which may be secured by the law of Canada to the workers in such processes in compensation for the weekly rest day.

I believe that is thought to be desirable. In section 9 we have the amendment which I have just moved. It will be observed by reference to the original bill, that it was proposed that the act should come into force three months after the date on which it is assented to, and in the bill as it left this house it read:

notwithstanding anything contained in this act, continue in force for a period of one year from the thirty-first day of March, 1935, unless suspended during such period by the governor in council.

This refers to agreements made with the running trades. It gave a period of one year from March 31, 1935, to enable them to make such arrangements as would conform to the provisions of the new law. In the Senate, after much discussion, one of the senators being very closely connected with the running trades of the railways, it was finally concluded that the section should be amended by placing, for the words:

one year from the thirty-first day of March, 1935, unless suspended during such period by the governor in council.

—the words "three months from the date of the coming into force of this act," which would mean six months from the date of royal assent being given. It has been felt that this is a matter in which, as there is acute difference of opinion, it is desirable to arrive at some arrangement that will clarify the situation without doing injustice, either remotely or nearly, to any interest that might be affected; and at the conference it was suggested that if the period of time originally proposed, namely, one year, were retained, it would be satisfactory, and inasmuch as a portion of the time has now elapsed, the provision for six months instead of one year from such and such a date—March 31, 1935—will in fact provide that identical time. For the act will come into force, presumably, three months from around about the end of June. That would be July, August and September, and it would then come into force on the first of October, and with the period of six months—October, November, December, January, February and March—you arrive at the original date as fixed by this house, namely, March 31, 1936. That is the consequential amendment which I have moved and which we indicate to the Senate that we ask them to accept.

Paragraph 10 of section 10 of the bill, it will be observed, has been rewritten, from line 36 to line 47 inclusive, and turning over the page, the rest of the section, lines 1 to 20, has been rewritten. I think that possibly as the new section reads it indicates the meaning of parliament more clearly than the old section, which read:

10. (1) The governor in council may by regulation except any or all employment in any industry from the limits of hours of work fixed by this act whenever he is satisfied that,

It will now provide that:

Whenever the governor in council, after consultation as required by the convention mentioned in the preamble to this act has been had, is satisfied that the work, or any class of work, in any industrial undertaking or class of industrial undertaking is—

This is done to tie the section to the convention and make it abundantly clear that with respect to this matter reliance is placed upon the convention and upon no other provision, in order to provide for the constitutionality—if I might without apology use that word in this house—of the measure itself. Perhaps it is unnecessary for me to read the new section beyond directing attention to its provisions.

Section 11 has also been somewhat modified for paragraph (a), as it was originally framed, has been deleted and a new subclause substituted therefor. If there are any questions I shall be glad to answer them, but I think it is obvious that the meaning of the new clause in the amendment as enacted by the Senate gives clearer expression to the meaning than we did in our subclause (a):

notify by means of the posting of notices in conspicuous places in the works or other suitable place, or by such other method as may be approved by the governor in council, the hours at which work begins and ends and where work is carried on by shifts, the hours at which each shift begins and ends. These hours shall be so fixed that the duration of the work shall not exceed the limits prescribed by this act, and when so notified they shall not be changed except with such notice and in such manner as may be approved by the governor in council.

That is the general sense of the original subsection, but for clarity I think the Senate clause is to be preferred. The next amendment is to section 12 and it leaves out those provisions that necessitated regulations being communicated to the international labour office at Geneva. It is felt that the general clauses cover that matter and there should

not be specific reference to it in this particular case.

In section 13 the amendment is similar to that which I mentioned yesterday. After the words "shall" in line 3 the addition of the words "be guilty of an offence against this act and" is, I think, to be preferred to the original provision. In line 5 of section 13 "and not less than twenty dollars" is left out in connection with penalties. There is a view held by many draftsmen that it is undesirable to mention a minimum fine when a judicial body or tribunal is exercising discretion, and these words are left out. There is no change as to the date on which the act comes into force—three months after the date on which it is assented to. The general effect is that the textual changes made are an improvement in the measure. The section to which I particularly direct attention is a provision that ties the section to the convention. The consequential amendment will have the effect of bringing this act into force, qua agreements with running trades, on March 31, 1936, which was the date this house thought was reasonable at the time it first enacted the legislation, and which I believe is regarded as a reasonable time by those directly interested.

Mr. LAPOINTE: I have a word or two to say with regard to section 9, the one amended, and in which amendment the right hon. gentleman does not concur.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. ERNEST LAPOINTE (Quebec East): I have received some requests from unemployed railway men in my constituency asking me to support the amendment made by the Senate to section 9 with regard to delay, and that this house should not insist on the delay of one year mentioned in section 9. I find, however, that what they really want is that the bill should come into force six months after the royal assent. I think that is what the right hon. gentleman is moving in his amendment, so it meets their views, and I have nothing more to add.

Mr. BENNETT: I do not wish there to be any misunderstanding, because it is highly important that my hon. friend should understand exactly what I said. The proposals that I have made to the house would mean that the bill would become operative as an act six months after the lapse of the three months mentioned in the last clause, that is nine months in all. It was a year; it will now be practically nine months, as part of the time has elapsed.

Mr. LAPOINTE: I only wish to put before the house the request of those people that it should come into force at least within six months after the royal assent.

Mr. McGREGOR: As I have many unemployed railway men in my riding I want to register my protest against this bill being put through at this time. The bill was brought before the Senate committee, was discussed by them for a couple of days, and recommendation made, and I protest on behalf of the unemployed railway men in my riding against this extension of time.

Motion (Mr. Bennett) agreed to.

PRIVATE BILL

FIRST AND SECOND READING

Bill No. 113 for the relief of Dora Eleanor Mathieson Campbell—Mr. Vallance.

MINIMUM WAGE

CONCURRENCE IN SENATE AMENDMENTS

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

That a message be sent to the Senate that this house agrees with all the Senate amendments to Bill No. 40, an act to provide for minimum wages pursuant to the convention concerning minimum wages adopted by the International Labour Organization in accordance with the provisions of part XIII of the treaty of Versailles and of the corresponding parts of the other treaties of peace, and that the Clerk of the House do carry the said message to the Senate.

Mr. LAPOINTE: That we agree to all the amendments?

Mr. BENNETT: Yes.

Mr. LAPOINTE: What are they?

Mr. BENNETT: They have rewritten part of the bill. If hon. gentlemen so desire I shall be glad to point out what the changes are.

The provisions of the preamble have not been changed, nor has section 1. But on pages 2, 3 and 4 it will be observed that the sections have been entirely recast, down to the end of section 8. The effect is that the section has been tied closely to the terms of the convention. The law officers of the Senate thought it advisable, and the Senate committee agreed, that the terms used in the convention should be reproduced, for the purpose of dealing with, for instance, rateable

trades and matters of that sort. It will be observed on the page opposite page 2 that words that were not defined in the bill as it left the house have been defined in accordance with the terms of the convention. Some of the changes are very slight but others are quite substantial. Section 3 is recast. Section 4 permits the governor in council on the recommendation of the minister to create, and by regulation provide for the operation of, machinery with respect to minimum wages. Section 5 is recast, and in section 6 there is quite a change. You will observe particularly words to which attention might be directed as having been added:

> the trade and commerce, or the public revenue, of Canada is being injuriously affected by the absence of uniform minimum rates of wages,

That has been added by the Senate. The words that have been used in section 5 and other sections, "decent standard" have been taken out and the words "suitable standard" substituted. It seems to me that perhaps that is an improvement. Those are the essential changes that have been made, in substance, and the recasting has continued, as will be observed opposite page 4. I think I should direct the attention of the house to the last section opposite the end of page 4:

> Subsection one of section four of this act and section five of this act shall not come into force until proclaimed by the governor in council.

I think I explained when this bill was before the house originally that it does not come into force until the time limited, because the convention itself did not become operative merely by ratification—I will read the article in order that there may be no difficulty. Article 7 provides:

> This convention shall be binding only upon those members whose ratifications have been registered with the secretariat.
>
> It shall come into force twelve months after the date on which the ratifications of two members of the international labour organization have been registered with the secretary-general.

I pointed out that this happened, of course, before the convention was submitted to this house. The last paragraph of article 7 is the governing paragraph:

> Thereafter, this convention shall come into force for any member twelve months after the date on which its ratification has been registered.

Our ratification was registered on the 25th day of April, 1935; therefore the convention does not come into force until twelve months after that date. The amendment made by the senate provides that subsection 1 of section 4 and section 5 shall not come into force until proclaimed by the governor in council, in order that the full twelve months may expire after ratification before the proclamation is made with respect to those provisions that are tied up to the convention itself.

Mr. MACKENZIE (Vancouver): Does that mean a year from now at least?

Mr. BENNETT: Substantially; April 25, 1936, to be exact. That is why it is provided that a proclamation is to be made, in order that the full year may have expired before it comes into force. That refers to section 5 as rewritten and to the provisions of subsection 1 of section 4, and in order that there may be no difficulty about it I will read that subsection:

> 4. (1) The governor in council may on the recommendation of the minister create, and by regulation provide for the operation by or under the minister of, machinery whereby minimum rates of wages can be fixed for workers employed in rateable trades.

And the act, as recast, defines rateable trades in accordance with the terms of the convention.

Mr. LAPOINTE: I desire only to say that my concurrence in these amendments does not mean that my view as to the power of this parliament to enact this legislation is altered in any way.

Mr. FACTOR: May I ask why section 12 was changed to provide that the act shall not come into force until proclamation?

Mr. BENNETT: I am always willing to accommodate hon. gentlemen, but I have just concluded stating the reason. Shortly put, the provisions of the convention under which this statute has been framed do not come into force until twelve months after the ratification has been registered at Geneva. Our ratification was registered on the 25th day of April, 1935; therefore the twelve months will not expire until the 25th day of April, 1936. It is desirable, therefore, that these sections that depend upon the convention for their validity should not come into force until proclamation, on a date subsequent to the 25th day of April, 1936.

Mr. NEILL: Do the other sections come into effect on assent?

Mr. BENNETT: Yes.

Motion agreed to, amendments read the second time and concurred in.

POST OFFICE ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 100 to amend the Post Office Act.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: I think I explained this bill when I introduced it. It contains only one clause, which provides that a contract for mail service may be renewed for more than a single term. During the past fifty years, I have been informed, it has been the custom in the Post Office Department to renew mail contracts for terms of four years. The statute in that respect provided that where a contract was in other respects satisfactory the Postmaster General might renew the contract with the same contractor for a further term not exceeding four years. Recently the auditor general brought it to the attention of the Department of Justice that the language of the statute permitted only one renewal for a term of four years. This bill is to make it clear that the renewal may be made for additional terms of four years. As I say, during the past fifty years the practice has been to treat the law as giving a right to the Postmaster General to make not one but several renewals.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—No contract for more than four years.

Mr. LAPOINTE: I just want to ask whether this applies only to an expiring contract. I mean a contract could not be renewed two years before it expired, for instance?

Mr. GUTHRIE: No, the act is quite definite on that. When a contract expires, if the terms are satisfactory the Postmaster General may renew it not only for one term of four years, but after it has expired again it may be renewed for a further term of four years.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

INCOME WAR TAX ACT AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the senate to Bill No. 80, to amend the Income War Tax Act.

[Mr. Bennett.]

He said: In moving concurrence in these amendments, Mr. Speaker, I should like to point out that they are purely to make clear what the senate conceived was not as clear as it might be. In clause (a) of subsection 7 of section 88 we find the following:

> that any transfer of property on the basis of a quid pro quo is nevertheless a gift, if, in his opinion, the values of the properties passing are disproportionate one to the other.

That is, if in the mind of the taxing authority there is any apparent difference between the exchange of properties he has the right to treat the one that has an excess of value over the other as a gift, if it is disproportionate. The senate have added the words "in whole or in part," making the subsection read:

> that any transfer of property of the basis of a quid pro quo is nevertheless a gift in whole or in part—

Those would seem to be excellent words to have added. Then in clause (a) of subsection 8 of section 88 these words occur:

> Gifts or donations made by any individual the aggregate value of which in any year does not exceed $4,000.

That is, gifts may be made up to $4,000. The Senate have added these words, "and taxation shall be on the amount in excess of $4,000 only"—which, of course, is, as we unfortunate lawyers would say, an abundant precaution, because in my judgment it is involved in the reading of the subsection itself. Under those circumstances I move that the amendments be concurred in, there being added also at the end of section 17 a new section.

> 18. All actions pending at the time when this act comes into force shall be decided as if this act had not been passed.

That is to meet the contention that it might be construed as retroactive when it did not so state. It is a protection, under circumstances of that kind.

Motion agreed to; amendments read the second time and concurred in.

SOLDIER SETTLEMENT

CERTAIN OFFICERS DEEMED TO BE PERMANENT EMPLOYEES

Hon. GROTE STIRLING (Minister of National Defence, for the Minister of Labour) moved the second reading of Bill No. 62, to amend the Soldier Settlement Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Certain officers deemed to be permanent employees.

Mr. MACKENZIE (Vancouver): How many will be affected by the amending section?

Mr. STIRLING: There are 333 employees now. With regard to the amending bill I should like to say that when the board came into existence seventeen years ago it was not clear what the scope of the work would be, nor was there any certainty as to its duration. So far as employees were concerned it reached a peak in May of 1920 when there were 1,594. It has dwindled down to 333, as I have indicated. The board has the surveillence of 21,268 properties, but besides that it looks after the work developed under the land settlement branch of the Department of Immigration and Colonization, which was formed in 1927. That adds considerably to its work and the possible duration of such work. I remember that in 1928 and 1929 the minister of that day considered the matter and I believe was favourably disposed towards it. Indeed, a committee of the house reported in favour of this change.

Mr. MACKENZIE (Vancouver): That is right.

Mr. STIRLING: But it slipped up, and the government considers that the time is now ripe to take action.

Mr. MACKENZIE (Vancouver): I am in favour of the bill; I was just asking how many would be affected.

Mr. STIRLING: I have referred to 333 who would be.

Mr. MACKENZIE (Vancouver): How many are ex-service men?

Mr. STIRLING: Ninety-eight per cent of the male employees.

Mr. NEILL: Will this cover field instructors—I mean the officers out in the field in the different country districts?

Mr. STIRLING: The bill uses the expression "any officer, instructor, clerk, stenographer or other employee"—it covers all employees.

Section agreed to.

Bill reported, read the third time and passed.

FAIR WAGES AND HOURS OF LABOUR

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 75, respecting fair wages and hours of labour in relation to public works and contracts.

He said: The amendments are merely to make clear that which I believe is fairly clear in the statute as it reads now. In paragraph (a) of subsection 1, section 3, after the word "shall" have been added the words "during the continuance of the work" so that the paragraph as amended would read:

(a) All persons in the employ of the contractor, subcontractor, or any other person doing or contracting to do the whole or any part of the work contemplated by the contract shall during the continuance of the work be paid fair wages.

I believe that might have been reasonably inferred, but the Senate have added the words indicated. Then, in section 8 after the word "council" they have added the words "made before the execution of the contract." The effect of that is to modify the terms of the section so that it will read:

This act shall come into force on the first day of May, 1936, but shall not apply to any contract with the government of Canada existing at the said date nor to any contracts, agreements or works thereafter made or undertaken which are by order of the governor in council made before the execution of the contract declared to be excepted from the operation of the provisions of this act.

Someone has thought it very desirable that no temptation be placed in the way of the government to make any such exception after the contract is executed, and that the exception should be provided for before the execution of the contract itself. I think perhaps that is in the public interest.

Mr. LAPOINTE: The words "made before the execution of the contract" apply to the order of the governor in council.

Mr. BENNETT: Yes, the order must be made before the contract has been executed.

Mr. MACKENZIE (Vancouver): I notice that section 7 states:

The Fair Wages and Eight Hour Day Act, 1930, is repealed.

And section 8 states:

This act shall come into force on the first day of May, 1936.

Is there any hiatus?

Mr. BENNETT: I am told by the law officers that there is not.

Mr. MITCHELL: What takes its place?

Mr. BENNETT: It is repealed as a matter of law when this comes into force.

Mr. LAPOINTE: Exactly.

Motion agreed to; amendments read the second time and concurred in.

RADIO BROADCASTING

PROVISIONS OF ACT OF 1932-33 REENACTED FOR NINE MONTHS

Hon. ALFRED DURANLEAU (Minister of Marine) moved the second reading of Bill No. 99, respecting radio broadcasting.

He said: Mr. Speaker, before second reading is given to the bill I should like to make a few observations on the radio situation in Canada and the circumstances which have led this government to ask parliament to reenact the provisions of the Radio Broadcasting Act of 1932 for a further period of nine months, thereby extending the life of the commission to the end of the fiscal year.

When we studied the problem we did not have to make a decision of principle, because that question was settled in 1932 when the house unanimously decided that radio broadcasting in Canada should become a public utility. The statute, it is well to bear in mind, was enacted after the report of the Aird-Frigon commission which was organized by the administration of hon. members opposite and the report of the committee headed by the Deputy Speaker, both of which recommended and advocated the public ownership of radio. I am not aware, Mr. Speaker, of any change in the attitude or views of the great majority of the members of this house or of any change in public opinion as to the principle of the public ownership of radio. The principle of public ownership was also affirmed by the special committee which reported last session when special recommendations were made to the house. If the house will permit me to quote the first recommendation of that committee, it reads as follows:

> That in view of the evidence given before this committee the government should during the recess consider the advisability of amending the act with a view to securing better broadcasting facilities throughout the dominion. In the opinion of your committee radio broadcasting could best be conducted by a general manager.

As the house can see, the report did not even touch or raise the question of principle. The only question brought to the attention of the government was about the organization and the management of this utility. I can assure this house that the government has given most careful consideration to the report made by that committee, and after careful study we came to the conclusion that as we were nearing the end of the present parliament we should not interfere with the principle or with the organization of the commission at the present time. There is no doubt that this problem of radio in Canada is a very important one, but we thought that it was not urgent enough to come and ask the house at this session for drastic legislation amending the organization of the commission.

I think that in fairness to the personnel of the commission I should bring some considerations before the house concerning the commission's achievements. I think every member of this house will agree that the commission was entrusted with a very, very difficult task, a task that was somewhat in the nature of an experiment not only in Canada but all over the continent of America. The commission has hardly been two years in office, which is indeed a very short period within which to test the value of the system. Every member of the house I think will also admit that the commission has been further handicapped by the lack of funds. Nobody could expect the commission to build a network to cover half this continent, a network as complete as they have in Great Britain, in less than three years without any capital other than its appropriation of about one million dollars a year. In those circumstances, Mr. Speaker, I think that the record of the Canadian radio commission has been a creditable one.

I know that the commission has been very bitterly criticized from almost all sections of the country and I am frank to admit that many of the criticisms were well founded, but I think I should add immediately that those who voiced the criticisms did not allow for the handicaps under which the commission had to operate. The complaints against our present system were listed under two headings, coverage and programs. If hon. members will give me their attention for a few minutes I shall endeavour to give them an idea of what the commission has already tried to accomplish in spite of difficulties and limitations to improve the broadcasting facilities and provide better Canadian programs.

The objective assigned to the commission by parliament was the setting up of a national network built around three or four powerful stations, and the taking over of all private stations in Canada except the small or what we call the community stations. That undertaking everybody will admit involved considerable expenditure which the commission could not afford to make under the circumstances, with the meagre credits which were placed at their disposal. The commission has nevertheless managed to establish a network of its own which comprises seven stations

situated at strategic points throughout the country, namely, stations CRCV, Vancouver; CRCW, Windsor; CRCT, Toronto; CRCO, Ottawa; CRCM, Montreal; CRCK, Quebec; CRCS, Chicoutimi.

Mr. EULER: How many stations are owned by the commission?

Mr. DURANLEAU: The seven I have just mentioned.

Mr. EULER: Is the one in Toronto owned by the commission?

Mr. DURANLEAU: I think so. It is operated by a company but everything is paid by the commission. The commission has completed its network through agreements made with twenty or more private stations which carry its programs all over Canada. I am told that the commission is working to-day on a program of construction which it intends to carry out with the more generous allowance which we have voted this year and which will help to increase the coverage all over Canada.

The commission has further improved broadcasting facilities by granting licences to small stations which operate in districts where there was no coverage before.

I know that some hon. members of this house have criticized the commission because of the fact that the number of private stations has increased since the commission has been in operation, but the commission had not the necessary funds to establish its own stations, and in order to give better coverage to different parts of Canada the commission thought it well to issue private licences. I might mention in that connection the new stations at Prince Albert in northern Saskatchewan, at Sudbury in northern Ontario, at Sault Ste. Marie, Hull, New Carlisle on the Gaspé coast, and Yarmouth, Nova Scotia. The commission's programs are supplied without cost to all the private stations all over Canada.

May I add that the commission has carried out so far as possible the recommendations of the special committee of last session with respect to advertising, in which connection a more liberal interpretation was given by the commission as suggested by the report of the committee. The private stations were allowed to carry advertising for as much as fifteen per cent of their time.

Mr. EULER: Did they appoint a manager as suggested by the committee?

Mr. DURANLEAU: The first recommendation of the special committee dealing with the appointment of a manager did not concern the commission but the government, and to carry it out would require an amendment to the act.

Moreover, the private stations were permitted to use electrical transcriptions until 7.30 at night and even later in some cases. The commission has also endeavoured to cooperate with the private stations and assist them in every possible way in accordance with the fifth recommendation of the special committee. I do not intend to enter into any discussion in connection with programs as that is a matter of taste and personal preference. However, I will venture to say that the commission has provided us with distinctly Canadian programs of a higher quality and wider variety than we could have expected from our private stations with their limited resources. Besides the regular news and weather forecast services we have had opera, chamber and choral music, drama, educational talks covering a wide range of subjects and introducing the leaders in all fields of Canadian activity to the whole nation, band concerts, instrumental and vocal recitals, book reviews, news comments, children's programs, dance music, sports broadcasts and so forth. I am sure the establishment of our publicly owned radio system will have a far-reaching influence upon the future of music and drama in Canada. The commission has already discovered a good many Canadian artists of whom we may be proud and we may expect that it will encourage and help our gifted young Canadians. In the past there have been many gifted Canadians. I need mention only Edward Johnson who has been recently honoured. Artists like him might have been induced to establish themselves in Canada if an opportunity had been offered by such a radio system as we have now.

Another point which I wish to stress is the importance of the national service rendered by the Canadian radio broadcasting commission, as was demonstrated by the special broadcast on May 6 on the occasion of the silver jubilee of His Majesty the King. On that occasion Canada was united from coast to coast listening to the special ceremonies and the appropriate program. I am sure the house realizes that the credit for the Canadian participation in that extraordinary broadcast is due to the Canadian radio broadcasting commission. The facilities which have been organized by the commission in the past two years made it possible for Canadian listeners to enjoy that broadcast along with the rest of the empire.

The Canadian contribution on that occasion, entitled A Retrospect of Twenty-five Years in Canada, was produced and presented by

the radio commission, and it was considered to be one of the best programs of that type ever presented. It was hailed as an impressive engineering feat as well as a most remarkable presentation. I am informed by the commission that innumerable messages were received congratulating them on the excellence of the Canadian cavalcade. One of the first messages received was from Sir John Reith, general director of the British Broadcasting Corporation.

I do not want to detain the house too long but I think in fairness to the personnel of the commission I should put on record a few of the observations made by some of the newspapers of Canada. The first comment appeared in the Hamilton Spectator of May 7, 1935, and reads:

> The engineers who were in control and all who had a share in yesterday's triumph of broadcasting deserve the admiration and thanks of the millions upon millions whom they provided with so rich a feast.

The Regina Leader-Post of May 8 commented as follows:

> The lot of the Canadian radio commission has been on the whole to receive more brickbats than boquets, but Canadians generally, we think, will be inclined to let up on the brickbats for a while as a result of the jubilee broadcast on Monday....

The Halifax Herald of May 8 contained the following:

> The King's jubilee was productive of one of the most remarkable pictures of the national unit which to-day is Canada.

Mr. CASGRAIN: I do not know whether I am in order but at the present time the minister seems to be putting on record the opinion of certain newspapers. I remember one time when I had occasion to refer to certain editorials and extracts from newspapers commenting upon some conduct of the government, I was stopped by the Prime Minister (Mr. Bennett) and my action was finally ruled out of order.

Mr. SPEAKER: I think the hon. member is quite in order as long as he reads excerpts and does not read the whole article.

Mr. LAPOINTE: May I assure my hon. friend that we intend to pass the bill.

Mr. DURANLEAU: In fairness to the commission I think we should put on record the general opinion on the achievements of this commission. That is why I intend to quote three or four lines of appreciation from almost all the newspapers of Canada, but if your honour holds that I am out of order I will desist.

The Moncton Times of May 9 said:

> Great credit is due the Canadian radio commission for the wonderful broadcasts which have been enjoyed by the people of Canada during the celebration of the King's silver jubilee. The empire-wide hook-up on Monday easily surpassed any similar achievement of the Canadian radio commission.

The Regina Star of May 9 said:

> The Canadian radio commission is generally given more kicks than ha'pence. Often those who complain of its operation take no consideration of the difficulties that inevitably accompany any new enterprise. But never has it more justified its existence than in the results it achieved on Monday last. Even those who have been prominent in their complaints have been compelled to acknowledge that it accomplished the best work it has ever yet undertaken, and in the future it may be recognized as a public utility that must be preserved and allowed to develop.

Similar comments appeared in the Calgary Herald, the Niagara Falls Review, the Halifax Star, the Kingston Whig-Standard and many others.

Mr. DUFF: Any from the Toronto Telegram?

Mr. DURANLEAU: If it is the desire of the house I would be willing to quote the letters of appreciation received from outstanding citizens of Canada and the United States.

Mr. DUFF: Has the minister any from the Toronto Telegram?

Mr. DURANLEAU: I have not the Toronto Telegram with me.

Mr. HANSON (Skeena): Has the minister any of the comments made by British Columbia papers on the radio broadcasting reception during the past few years?

Mr. DURANLEAU: I have brought with me only the extracts from the papers I mentioned.

Mr. CASGRAIN: Only favourable ones.

Mr. DURANLEAU: If my hon. friend will look at the papers of that time—the British Columbia press—he will find an appreciation of the performance of that day. It must be observed that the jubilee broadcast was not the first occasion on which the radio commission arranged for Canada to participate in an empire broadcast. Since 1932 the commission has arranged for this country to participate in the Empire Christmas broadcast, extending to Canadian listeners the privilege of hearing His Majesty's Christmas day message. Victoria day is similarly celebrated by an empire broadcast, and this year Canada was invited by the British Broadcasting Corporation to provide an appropriate program for distribution throughout the em-

pire. The production plan of the commission on that day was a real credit to Canadian musical and artistic talent, and is a striking example of the opportunity our national broadcasting system offers to Canadian musicians, and artists in all parts of the empire. Cooperation in such a magnificent broadcast was not provided before the Canadian radio commission came into existence. I do not think we could have achieved the same results when the radio was under private direction.

Among other fields in which the radio commission has rendered conspicuous service is the broadcasting for Canadian listeners of special events of national significance. For instance, the broadcasting of the opening ceremonies of the present session of parliament—

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

Mr. DURANLEAU: —was enthusiastically received by the people of Canada.

Mr. CASGRAIN: I direct your honour's attention to standing order 41, paragraph (o) of 293, at page 96, which declares that it is forbidden to read from a written, previously prepared speech. I do not know whether the hon. gentleman's speech is a prepared written speech. It is a brief.

An hon. MEMBER: Marked on the back.

Mr. DURANLEAU: I do not think my hon. friend—

Mr. CASGRAIN: The point of order has been stated; I should like to have the Speaker decide.

Mr. DURANLEAU: I do not think my hon. friend will insist on his point of order. I have notes—

Mr. LAPOINTE: He is a bad boy; he may insist.

Mr. DURANLEAU: This is a very technical matter and I think I am entitled to look at my notes when necessary.

Mr. CASGRAIN: You can do better than that.

Mr. SPEAKER: The point of order which has been raised is, I believe, well known to the house and certainly to the minister. As the minister himself says, however, the matter under discussion is somewhat technical and I believe he is merely referring to his notes whenever that course becomes necessary, because of the technical nature of certain of his remarks.

Mr. DURANLEAU: I desire to give a list of events of national importance which have been broadcast by the radio commission and which includes the celebration of the one hundred and fiftieth anniversary of the founding of Saint John, New Brunswick, by the United Empire Loyalists; the arrival and reception of the Italian air armada at Shediac and Montreal; the Institute of Pacific Relations at Banff, where the speakers included delegates from Canada, Great Britain, the United States, Japan and China, who were heard on the national network; the opening of the international grain exposition at Regina; the national remembrance day ceremony on parliament hill, Ottawa; special ceremonies in celebration of the four hundredth anniversary of the landing of Jacques Cartier in Canada; the funeral services at the grave of the late Sir Arthur Currie, and the funeral of King Albert of Belgium, and also the ceremony of the marriage of the Duke of Kent and Princess Marina of Greece—

Mr. LAPOINTE: Give us more weddings.

Mr. DURANLEAU: —addresses by Lord and Lady Baden Powell at the banquet of the boy scouts' association. These are only a few of the special events broadcast by the radio commission.

Mr. DUFF: No mention of the five bedtime stories.

Mr. DURANLEAU: I contend also—

Mr. McINTOSH: Five lullabies.

Mr. DURANLEAU: —that the commission has rendered valuable service by cooperating with international institutions in their educational activities and campaigns for funds.

Mr. POWER: What about funds for campaigns?

Mr. DURANLEAU: I think my hon. friends opposite will try to use the broadcast system to raise campaign funds for the next election. The commission cooperated with those in charge of the King George V silver jubilee cancer fund for Canada; the Canadian Red Cross Society; the Canadian Council on Child and Family Welfare, and similar institutions. The assistance of the radio commission in arranging broadcasts on behalf of Dominion of Canada loan campaigns was also very much appreciated.

I do not like to take up too much time but I may say this in conclusion. My hon. friends will agree that there is no imperative need for

a change at the present time and that the government has taken the only reasonable course of action in asking this house to prolong the life of the commission to the end of the fiscal year.

Hon. W. D. EULER (North Waterloo): I do not intend to speak at any length in reply to what the minister has said. Some weeks ago I was one of those critics to whom he referred and I made some comment and observations on the work of the commission, none of which I have any intention of withdrawing. At that time the minister made practically no reply to those criticisms. He has done so to some extent to-night by reading very copiously from what I suppose was supplied to him. I have no fault to find with that. I am satisfied with the statement he has made to-night, that many of the criticisms which were voiced in this house were justified by the facts. I am content with that, and I trust that the disabilities will be removed and the criticisms obviated by subsequent action on the part of this government or possibly by a future government. I can speak for those on this side when I say that we have no intention of blocking the bill. There is no opportunity now, at this late period of the session, to make any particular changes, and speaking for myself and, I think, for those on this side, we have no intention of interfering with the policy of public ownership of the radio. In conclusion, I may observe, though possibly it should be brought up when the house is in committee, that I, for one, am anxious to obtain from the government an answer with regard to what has been done respecting the suppression of free speech through regulation by the commission. I should like to ask the minister now whether he has given any instructions to the commission, or has anything to say to the house, with regard to that portion of their regulations which forbid anyone criticizing existing legislation.

Mr. DURANLEAU: I shall be pleased to answer my hon. friend when the house is in committee.

Mr. EULER: Quite all right.

Mr. C. E. BOTHWELL (Swift Current): I am not a radio fan but I do have the opportunity of listening in on the radio now and then. I am not in a position to criticize the operations of the radio commission as far as the west is concerned. However, many criticisms have been made, and the extracts the minister read from the Regina Leader-Post and the Regina Daily Star both intimate that there is considerable criticism in the west. I have a letter from which I should like to read one or two extracts, not in opposition to the bill, but in order to bring to the attention of the minister and the commission some complaints that the people of the west feel are justified. This correspondent says:

> I am therefore taking the liberty to draw your attention to the inferior class of music being broadcast over the commission's network, and I hope that when the bill again comes before parliament these matters may be brought to the attention of the members and the government.
>
> I think you will admit that those who are to construct the programs should themselves have some knowledge of music; in fact they should have such training as would enable them to select the best artists available to play over the network.
>
> This is not the case. I think you will be familiar with Mr. Mayor's qualification as a director of programs a year or two ago. He came through the west and selected those who were to play over the commission's network. As an example of his choice, he selected one Al Smith from Prince Albert to be the pianist at the Regina station. He is, as they announce, a "natural" jazz player, but is full time pianist at this station, in spite of the fact that there are pianists here who have distinguished themselves abroad, and have degrees from such recognized institutions as the Royal Academy of Music and the Royal College of Music, London, England.
>
> If the commission is to continue, members of parliament should insist that it be modelled after the B.B.C. system. In their system, I understand, the program director is an outstanding musician, an artist of undisputed merit, who thoroughly understands instrumental, orchestral and choral music, and is competent to judge and select the best. If this were the case in Canada it would restore confidence in the commission and inspire our artists to qualify to play over the network. As conditions are to-day, our leading Canadian artists are not encouraged to contribute to the program.
>
> I think the public will appreciate the continuance of the commission on a much higher musical plane, where merit and good musicianship will be the standard for the artist who plays on the commission.

The hon. member for Skeena (Mr. Hanson) asked if there had been any comments from the province of British Columbia. That is what the editor of the Western Music News, published in Vancouver, said in May of this year:

> We often wonder if outstanding Canadian musicians such as Dr. Healey Willan, Dr. Ernest MacMillan, Dr. Alfred Whitehead and many others we could mention have refused to contribute to our network, or have they had the opportunity? If programs of this type are

released in the east it is unfortunate that they are not made available to western listeners.

Yes, we are so tired of crooners, jazz bands, blue singers, masters of ceremony "wise-cracking" upon silly song titles. The songs, fortunately, only live for a few weeks, but the singers live on.

Then with reference to the broadcast of the Border choir of Windsor, Ontario, on Sunday evening, April 14, this Western Music News compliments the commission in these words:

We congratulate the commission and the Border choir of Windsor for this worth while choral program. We hope we will hear the choir again, and much more music of the same standard.

I am only bringing that letter and the note from the Western Music News to the attention of the minister in the hope that both he and the commission will see fit to give us the kind of program that apparently the Regina Daily Star and the Regina Leader-Post anticipate will come some time in the future.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Provisions of act of 1932-33 reenacted for nine months.

Mr. LAPOINTE: Earlier in the session when an item in the estimates under radio was being discussed, I made the suggestion that it ought to be possible to adopt some such system as we have in the old country, where political leaders who have different views are allowed to use the broadcasting facilities for the purpose of expressing their views to the people. At the time although this suggestion was supported by other hon. members, it did not seem to meet with much favour on the part of the government. Perhaps I might offer another suggestion not so radical, but which I think should commend itself to the committee. We are going to have an election campaign in a few weeks, and radio broadcasting now is part of the activities of election campaigns more than at any former time, but unless you are provided with considerable money you cannot very well use these facilities. I am told that the commission asks the same rate for political addresses as for ordinary commercial service. I do not think that is fair. It ought at least to be possible to give a lower rate for the expression of opinions of candidates and especially of the leaders during the election, not the same rates as for advertising syrup and drugs and other goods. Would it be possible that the commission be instructed to give a lower rate for the use of the radio for political addresses, at least while the campaign is on, when it is important that all the electors of Canada should be enlightened on the various public questions submitted to them? I offer this suggestion and hope it will commend itself to the judgment of the committee.

Mr. GARLAND (Bow River): On a former occasion when radio was before the house I asked to what extent the recommendations of the committee of last year had been implemented. I understand they have not been. I think at that time the Prime Minister (Mr. Bennett) promised a reply at a later day. I raise the question to-day because I was impressed with the fairness and strength of his statement at that time in regard to public ownership and the necessity for maintaining the principle. Since then it has come to my attention that there is a serious trend now developing in radio broadcasting in this country, a trend that affects stations of smaller power that may be leased to private owners. I am informed that there is a tendency towards the amalgamation or at least the leasing to chain companies of more and more of these privately owned low powered stations with, consequently, the quiet, steady growth of monopolies among these low powered stations. I do know of some illustrations of joint ownership, or single ownership, of a number of these stations; for example, the stations at North Bay, Kirkland Lake and Timmins are all owned by the same company or are all under the same general management. I think that is something that should be avoided, and I strongly recommend to the Prime Minister and the Minister of Marine that if the regulations can be amended to protect the principle of public ownership against this danger of a growing private monopoly among the small, low powered stations, it should be done. If it cannot be done by regulation then an amendment to the act should be passed. I suggest to the government that one way of meeting the difficulty would be to have a provision in the licence prohibiting the leasing of the station by the person or company securing the licence to construct and operate the station; in other words, that the right granted in the licence should not be transferable. In that way we would maintain the individual element in the operation of the low powered stations. Otherwise there is a serious danger in the general trend at the present time towards monopoly. I hope the Prime Minister will be able to amplify the statement he made the other evening.

Mr. BENNETT: I did not make any observations this evening because I thought the Minister of Marine had covered the whole situation. I discussed the matter with him and he was prepared to make the statement I otherwise would have made as to the carrying out of the recommendations that have been made. I have nothing to add to what he has said except that while I was in England a few weeks ago I made some inquiries as to the operation of the broadcasting system there. Dealing with the question that has been raised by the ex-Minister of Justice (Mr. Lapointe) I can only point out the difficulty the commission has in cases such as he has suggested, in finding the money to pay for the wire. They must pay either the telegraph or the telephone company for the use of wire in connection with these large broadcasts.

Mr. POWER: But apart from the telephone and telegraph companies; it is the rate of the commission itself.

Mr. BENNETT: I was going to say that in England that difficulty is negligible. There they have a compact population, and they told me they had seven million licences outstanding. Here to carry a broadcast across the country involves large expenditure for the use of the wire. The commission itself has no wires of any great length, it has stations, as the minister has explained, but to connect all those stations and amplify the broadcast so that it may be carried with sufficient strength and power to all parts of the country involves large expenditures. Our rates do look very high, but when you come to think that it is three thousand miles from Ottawa to Vancouver you realize why they have to be, the commission having no facilities of their own. As I say, they have to use the facilities which they lease for that purpose, and that is where the expenditure comes in.

As the minister observed, the real fact is that there is a very earnest desire on the part of the commission to provide the country with better broadcasting facilities. To do so involves the expenditure of large sums of money for a high powered station in each province; perhaps not one in each province but at least seven high powered stations. They cost a good deal of money, and the equipment connected with them also costs a good deal of money. The funds of the commission are limited entirely to their receipts from the use of their facilities and the money received in licence fees. It is much more expensive than it would appear to operate these broadcasting stations.

[Mr. E. J. Garland.]

The only thing I was going to add to what the minister has said was that I brought back with me a copy of the report made by Sir John Reith on the situation in South Africa. They have decided to nationalize their broadcasting system and to establish the requisite number of stations. I brought the report with me intending to read some of the recommendations, but I find it unnecessary to do so now in view of what has been said.

I can only add that there is a great deal of sound reason in what the hon. member for Bow River (Mr. Garland) has said, because it is quite clear that numbers of small stations owned by the same firm or individual may create a sort of monopoly that will prevent the commission itself from discharging its full functions. But the power that rests in the radio act makes it perfectly clear that all these licences are issued subject to the overriding right of expropriation. There is one thing further: In consequence of certain information that reached me I ascertained upon inquiry that all new licences have been issued subject to the condition that the state may take over the facilities and that no value attaches for good will or franchise, that it is merely the value of the physical equipment whatever that may be. That is my understanding from the answer I received to my inquiry. It makes it much simpler if there is no franchise value attached and obviously one of the difficulties to which reference has been made disappears.

I do not see how the commission, with its limited revenues and its difficulty in making ends meet, can possibly expect to provide facilities for any of us on the terms suggested by the ex-Minister of Justice. It cannot afford to do so; that is the difficulty. Of course the British Broadcasting Corporation, while it is criticized as all corporations are, has had such public support behind it because of the character of its programs that one realizes that it fills a very long felt want on those islands. But you must remember that there are seven million licences outstanding and that the state receives all but 4s. 6d. of the 10s. 6d. received for a licence, and that on the 4s. 6d. plus the advertising, the sale of their programs and their recordings they are able to make a very substantial sum of money. Broadcasting House, the building they have erected at the end of Oxford street, is a magnificent property. It contains great concert halls; they have made provision for Sunday services; they can carry on several programs at the same time, and they have installed every modern device. Notwithstanding that, from time to time they are endeavouring to improve their facilities, as this service always must be im-

proved. Just take one thing, the question of recordings. That is a modern development. It is possible for my hon. friend the ex-Minister of Justice to make a speech on the radio at ten o'clock this morning, and at the appropriate hour this evening it can be broadcast as though it were being delivered by him at the very moment it is being heard. The perfection of these recordings is a matter now of common knowledge. The progress that has been made in connection with these matters is most marvellous. Last night the governor general designate was being heard in this country very clearly; I suppose many members of the house heard him, speaking in England. When we think of the progress that has been made it really is amazing, and I do not think we have yet reached the end. Senator Marconi tells how warm a place in his heart he has for Canada, because the first signal he transmitted across the Atlantic ocean was largely made possible by the final help that was given him by this country. I fancy the right hon. gentleman opposite has personal knowledge of the statements I am making. He told me that had it not been for the assistance he received from Canada upon that occasion it is doubtful whether or not he would have been able to complete his experiment. When we reflect that the first signal transmitted across the Atlantic ocean from Newfoundland to Poldhu in Cornwall was largely through the confidence that Canada had in his ability to do so, and when we compare that first signal with what we have to-day, I believe we have some reason for satisfaction. In these days we can transmit wireless sounds across the Atlantic ocean with great facility. I understand on the sixth of May those sounds were transmitted in such a way that every person in Canada, either at a radio station or in his own house, could hear what was taking place in England. The electrical reproduction of it in the evening made it available to those who might have found it inconvenient to listen to the program as it was originally transmitted.

All these things cost money—vast sums of money. The only complaint I have ever had to offer was that possibly there was a tendency to be unduly critical of the very difficult position in which the commissioners first found themselves when they took over the organization of this great public utility, in the face of opposition of private owners. I say, and every man must know, that many of the privately owned stations were bitter in their denunciation of the publicly owned facilities, feeling that what would have been a profitable field in the future had been taken from them. They felt that while their property had not been confiscated they were prevented from carrying out that which they believed would have been a highly profitable venture in the future. That difficulty was encountered and I believe to some extent overcome. I have not been blind to the fact however that there has been an insidious campaign going on for the purpose of endeavouring to destroy the public facility from the standpoint of public approval of its operation. Hon. gentlemen may have no idea of the extent to which it was urged upon the government that the time would come when radio would cease to be operated as a public facility and be turned over to private enterprise.

We have not felt warranted in asking parliament for any sum of money beyond that derived from licence fees. The fact is that in a country such as ours, with enormous distances and a very limited number of licences, the record of the commission is something for which we have some reason to be proud. Mr. Graves, of the British Broadcasting Corporation, who was in Ottawa a short time ago, told me he had no idea we had done so much. When he saw the great distance over which the commission had to operate; when he realized the difficulties in connection with land lines and limited appropriations, small population and small number of licences, travelling from here to Halifax he expressed very great interest in what we were doing and voiced the belief that upon his return to Great Britain he would more clearly understand our difficulties than he had hoped when he left that country. He is the gentleman responsible for what are known as empire programs of the British Broadcasting Corporation. I suppose every hon. member knows that a substantial number of people from the old country have found homes in western Canada and have taken the greatest possible interest in the empire programs broadcast by the British Broadcasting Corporation. I was told the other day by the manager that the letters he had received from western Canada with regard to the type of program transmitted across the Atlantic ocean and reaching the far western parts of Canada had interested and amazed him.

Although this is a day of small things, Mr. Chairman, I believe we have reason to congratulate ourselves upon the fact that we have retained this facility as the property of the people and that for the moment there has been no weakening on the part of those charged with the responsibility in their determination to maintain it as a publicly owned facility. Although the future may demand expenditures on a more generous scale than

we have heretofore been able to provide, I am satisfied that more and more the demand for this facility will continue, and that if we pursue, shall I say, the steady course that we are following, we will in Canada develop a system of broadcasting of which the Canadian people may well in every sense be truly proud.

I repeat, this is a day of small things, and at times we are apt to compare our requirements, if that word may be used, with those which can be provided by very rich and powerful peoples. We cannot erect stations costing many hundreds of thousands of dollars. We cannot provide all the facilities some of the privately owned corporations provide, but quietly, gradually and steadily we are improving the situation. I would say to the hon. member for Skeena (Mr. Hanson) that one of the matters with which the commission has been most concerned has been the difficulty of securing adequate coverage in the province of British Columbia. The hon. member, who is so familiar with the coast line and the sparse population scattered throughout the northern part of British Columbia and in the interior, and who is aware that a great part of the population is to be found in the cities of Vancouver and Victoria, will realize that with the limited revenues derived from licence fees the maintenance in the sparsely settled areas of a service such as is maintained in the more thickly populated communities is almost impossible. However the commission is most anxious to erect a station at a point which will provide ample coverage for the whole of British Columbia.

In the prairies they have had many difficulties to meet, largely on account of the large number of small stations. The combination about which the hon. member for Bow River (Mr. Garland) spoke is not lacking in that country. Although I had not intended to speak, I believe I might say to my fellow Canadians that comparing our facilities with those offered in the older and richer countries I believe Canadians, with the limited amount of money at their disposal, the difficulties in connection with organizing a service of this kind, and the further difficulty sometimes brought about by the use of two languages, may well be proud. All these factors enter into broadcasting difficulties. Because of our great area we have time changes at Fort William, again at Broadview and again at Field. Then we have to make allowance for daylight saving. These are factors which do not enter into broadcasting in a country such as Great Britain, but they are factors which must nevertheless be considered. The development of a system, for instance, which makes it possible for us to hear a concert in London is not an easy procedure, because there is a difference of five hours in time. Then there are certain adjustments necessary, difficulties in atmospheric changes, and the power of appliances required to move the signal away beyond the ether and the stratosphere so that it may cross the ocean and then be gathered together and reproduced in Canada. These are processes which are almost miraculous. Radio is one of those things which one can never thoroughly understand, and something which to the average person is as near a miracle as anything we know in the world to-day.

I do hope, as the days go by, whatever government is in office may see to it that there are some sort of, shall I say, expressions of approval wherever possible of the earnest effort that is being made to secure and maintain, and that these will not be lacking on the part of those holding positions such as we hold. I trust that the tendency to criticize and condemn, which is not always without some cause, will become less and less. Approval of earnest efforts to provide the people of Canada, despite limited revenues and great physical and other difficulties, will be duly and properly appreciated.

Mr. GARLAND (Bow River): I find myself in pretty general agreement with what the Prime Minister (Mr. Bennett) has just said respecting the general working of the radio commission. However I must come back to this one point, which I shall raise again. I am not altogether content with the assurance that the radio commission will have power or has power now to check any monopolistic development. The fact is I want them to exercise that power. I am informed, for example, that a very strong and financially important company, the General Electric, is at the present time preparing the organization of a holding company with which it proposes to control a large chain of now privately owned stations. In the last year or two there has of course been a very rapid increase, in my opinion too rapid an increase, in the number of licences issued to small private stations. I would have preferred to see that licensing limited to a much greater degree than it has been, but we are now faced with that tendency, and if it is permitted to continue unchecked, in spite of the provision to which the Prime Minister referred, you are eventually going to have a claim based on vested rights which it would be very difficult for this house and for the members of any government to overcome. I

suggest that the proper step now to take is to make a provision in the licence whereby the licensee of a privately owned station shall not have the right to sublet that station or lease it for any period of time to any other interest but must operate it personally or through his own company. In that way you would meet this difficulty and stop the monopolistic trend that is now definitely developing.

Mr. NEILL: The minister has told us more than once I think that he is going to have a powerful station erected in Vancouver. I would ask him when we may expect construction of that station to begin? Might I say to him that in the meantime as an amelioration of the conditions of which we complain he might use his influence to have the present Vancouver station put on a different channel. Where I live on the west coast of Vancouver island cannot be more than 120 miles from Vancouver, and on certain occasions we can hear station CRCV quite clearly, but it is so close to another powerful station on the American side that when that American station is operating the Vancouver station is quite inaudible. That is the trouble. It is not that we cannot hear CRCV but that it gets mixed up with this powerful station on the American side. If a powerful station were erected at Vancouver it would drown the other out, but in the meantime would the minister use his influence to get the Vancouver station put on a different wave length?

Mr. DURANLEAU: I shall be pleased to suggest to the commission that they give another channel to that station if it is possible to do so, but as my hon. friend knows, the number of channels we have at our disposal is very limited, and almost all our channels are shared with the United States. I will suggest to the commission, however, that they do their best to accommodate the people of that district.

Mr. EULER: As I intimated a few moments ago I should like the minister to give some reply to the question we raised a few weeks ago with regard to that regulation of the commission which interfered with what we call free speech. I wish the minister would give us some assurance in that regard. We were promised by the minister and by the Minister of Finance that when this bill came up some correction of that regulation would be made.

Mr. DURANLEAU: It is a fact that when my estimates were up it was promised by the Minister of Finance that we would see to it that regulation 90 be amended in order to satisfy my hon. friends if possible. After that sitting of the committee I asked the law clerks of the house to draft a regulation to replace regulation No. 90, and I will read the draft in question:

> No broadcasting station may broadcast any speech, printed matter or program containing defamatory, libellous or obscure statements with regard to persons or institutions, or statements of a treasonable character or intended to promote change by unlawful means and which might lead to a breach of the peace, or any advertising matter containing false or deceptive statements.

I think that will cover the case.

Mr. EULER: It is all right.

Mr. DURANLEAU: I will see that this draft regulation is adopted by the commission and ratified by order in council.

Mr. NEILL: The minister did not reply to my inquiry as to when he expected construction of the station in Vancouver to begin.

Mr. DURANLEAU: It is very hard to say at the present time when it will be started. I know that the commission is working on a plan which includes a powerful station at Vancouver. I cannot say now when it will be started, but I hope it will be soon.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

FRUIT, VEGETABLES AND HONEY

Hon. ROBERT WEIR (Minister of Agriculture) moved the second reading of Bill No. 95 respecting fruit, vegetables and honey.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Gobeil in the chair.

On section 1—Short title.

Mr. MOTHERWELL: As the minister did not treat us to any great elaboration on the second reading of this bill perhaps I might give him a lead by saying a few words myself. There is nothing very formidable, I will not say very unimportant, in this bill. There are two or three quite important features but not any serious changes from the past. As the explanatory notes say, the purpose of the bill is to consolidate and merge two bills into one, and to the extent that that is being done, it will add to the convenience of administration. There is another purpose, and that is to give effect to that part of the report of the price spreads commission re-

ferred to in the explanatory note to section eight. I presume this bill will be catalogued amongst the government's more modest reform measures because it does make a reference to price spreads and does make a little change in the act as it now applies to vegetables. The explanatory notes refer to section eight as being one of the changes made in consequence of the price spreads report. Section 8 indicates that the inspection of vegetables at canning factories will now be general instead of voluntary. This is following the practice of the past where the inspection and grading of commodities has been introduced as a voluntary proposition, then after sufficient people were interested and satisfied with such inspection service, it was extended to the country as a whole. This practice was found to be generally satisfactory although this government has not always adhered to it. I think however it is a safe practice to pursue. Then I understand there is a detention clause which will be applied in the future to vegetables as well as fruit and honey as at present. Perhaps the minister would explain this bill more fully.

Mr. WEIR (Melfort): The hon. member has touched upon practically everything in the bill. First, the purpose is as he has stated. This bill has been drafted for the convenience of those interested in fruit, vegetables and honey. The different legislation covering these commodities has been consolidated into one bill. There is really only one recommendation made by the price spreads and mass buying commission contained in this bill and that is the extension of inspection. The experience of the past has shown that voluntary inspection meets with an increased demand.

Mr. MOTHERWELL: Have the canning factories generally applied for this?

Mr. WEIR (Melfort): When it was first introduced in 1931 only one plant used it but in 1934 twelve of the largest plants were using it. This shows that there was a demand.

Section agreed to.

On section 2—Definitions.

Mr. REID: Clause (k) reads:

"produce" means fruit or vegetables as defined herein and honey—

Will this definition cover comb honey as well as strained?

Mr. WEIR (Melfort): All kinds of honey.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Powers of inspectors.

Mr. REID: Subsection (e) reads:

(e) at the expense of the producer or packer take samples of honey from any apiary or other place where honey is prepared or packed.

Does the minister not think he is placing too much power in the hands of the inspectors when he permits them to take samples from the apiaries? I would point out that a sample taken from an apiary might not agree with the honey packed in the jars. An inspector who wanted to be very officious might consider he had the right to go into any apiary to take samples.

Mr. WEIR (Melfort): I am informed that care was used in making this provision and that it is the intention to take small samples of honey from the different apiaries for testing purposes.

Mr. REID: I can assure the minister that it cannot be taken from an apiary with any guarantee that it is the same as the honey in the jars. I think that word "apiary" will lead to a lot of trouble.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Produce intended for canning.

Mr. NEILL: According to the explanation this is a new provision but it seems to be very vague. It reads:

All produce intended for canning in any establishment shall be presented for inspection and grading as provided by the regulations.

Where is it to be presented, at the cannery or at some central point? Will an inspector be located at every cannery? I think we should know something as to what we are committing the producer to.

Mr. WEIR (Melfort): This inspection will take place at the most convenient point. In the majority of cases it would be on delivery at the cannery.

Mr. NEILL: That means the department will maintain an inspector there?

Mr. WEIR (Melfort): Yes.

Section agreed to.

Sections 9 to 24 inclusive agreed to.

On section 25—general.

Mr. MOTHERWELL: In what section is the detention provision to be found?

Mr. WEIR (Melfort): Section 21.

Mr. REID: Section 22 provides that any penalty imposed shall be payable to His Majesty in the right of the Dominion of Canada. Where a provincial policeman carried out the enforcement of this provision and a fine was levied, would it go to the dominion?

Mr. WEIR (Melfort): The fine would be paid to the receiver general of Canada.

Mr. GERSHAW: How will the inspection be managed where there is a small canning factory located some distance from any other factory? Will there be a full time inspector employed or a part time man?

Mr. WEIR (Melfort): It would be a part time man.

Mr. NEILL: In connection with fines, it will be noticed that section 18 provides for a fine of not less than one hundred dollars. That seems to be an excessive penalty for a small offence. The Prime Minister to-day referred to an amendment made by the Senate to a certain bill in which a minimum penalty was cut out, and it was only $25. He suggested that it was held by many people to be desirable not to have a minimum penalty, and here we have a minimum of $100 for a trivial offence. Is this in the old act? In any event that would not justify such an excessive penalty. The minister is aware that the imposition of heavy minimum penalties very often prejudices magistrates in favour of offenders; they would rather let them off than impose an unjust penalty.

Mr. WEIR (Melfort): The hon. gentleman will remember that a year ago, when this bill was before the house, this very matter was discussed at great length, though I realize, of course, that this is not an answer to his argument. All these penalties are named by the Department of Justice, and $100 is not really a very large fine to be paid by those who would be concerned, if the act is to have any effect at all.

Mr. NEILL: The penalties are provided for in connection with sections 10, 11 and 12. Section 10 deals with the commission agent who has neglected to obtain a licence, and that is not a deadly offence. Section 11 provides that no dealer shall ship, buy, accept or offer to accept or otherwise deal in any produce shipped unless he has obtained a licence; and section 12 provides that no broker shall engage in negotiating shipments on consignment, sales or purchases of any produce, and so on, without having obtained a licence. These are not vicious offences; I can think of offences which are much more serious and for which the minimum is less than $100. The minister says cheerfully that $100 is not much. It depends on whose pocket it comes out of; I know people who would have to go to gaol for a trivial offence for a period not exceeding two months if they were required to pay a fine of $100. I do suggest that $100 is a drastic penalty. The minister says that the Department of Agriculture prescribed it. Yes, and I have always noticed that the Department of Agriculture more than any other department is very strong on that—imposing the most excessive penalties for the infringement of any act or regulation they are pleased to make. That department is particularly guilty in this respect. They seem to think that if a man does anything contrary to a regulation on which they have put their imprimatur he should be crucified, on the principle, I suppose, of the Turkish sultan who put a dishonest baker in his oven. But that is not the principle that applies to-day; now we try to make the penalty fit the offence. I do not believe that if the matter were left to the minister himself, who is a fairminded man, he would deny that $100 is an excessive minimum penalty for offences like these. To test the point I move that in section 18, in line 37, the words "one hundred dollars" be struck out and the words "twenty-five dollars" be substituted therefor.

Mr. WEIR (Melfort): The fine set out in section 18 applies to the offences dealt with in sections 10, 11 and 12, on the basis of failure to take out a licence. The taking out of a licence is the basis on which an important part of this bill rests. If the hon. gentleman will read section 19 he will see the penalties enumerated for the smaller offences he has in mind. Before the bill was brought in last year, all these sections had been given consideration for at least eighteen months and had been before the fruit growers' associations in Canada. Some of them had it in their hands for a year. They went into the matter fully and were of the opinion that, because of the importance and the necessity of the licence being insisted upon, the fine should be at least $100. The hon. gentleman would give the impression that the Department of Agriculture is particularly desirous of imposing penalties, but I may tell him that I know of no instance where a penalty had been imposed without at least three warnings. To adopt the hon. member's suggestion would mean that the bill would not be effective. It is felt that it would be more satisfactory to leave it as it is, taking care that no injustice should be done through oversight.

Mr. NEILL: Would the minister then agree to add at the end of the section the provision that no such fine shall be imposed until a man has received at least three warnings? That, he says, is the basis of the bill.

Mr. WEIR (Melfort): No; I did not say that the basis of it was the giving of three warnings; I said that was the policy of the department, and it shows that the department is not anxious to impose fines. The hon. gentleman would be the first to agree that to make the change he suggests would render the bill ineffective with respect to one or two convictions.

Mr. NEILL: The language is so vague:

No commission agent shall accept or offer to accept for sale on commission ...

The licence may have expired two days before and he may have sent his money to Ottawa; it has not arrived and he is liable. And it is not a matter of his being liable for $100; he is liable for $1,000. Why $1,000? It is all very well to say that the department is not in the habit of being unjust in prosecutions. Possibly not. But why give them such extraordinary powers? Why make the penalties so exorbitant? Half the time the accused will get off, because no reasonable justice of the peace or magistrate will fine a man $100 for a trivial offence. It is the experience of all magistrates that an excessive penalty for a minor offence is always provocative of undue leniency. It is in the interests of the enforcement of the act that I suggest making the penalties reasonable. If they are reasonable there is a better chance of the act being enforced. It is not the terrible penalty that deters a man but the certainty of conviction. Make the officers do their duty and see that every infraction of the act is brought to court. That is the thing that stops it, not the idea that he can take a chance. He may be fined $1,000 or may get off altogether, but it is the certainty of conviction that counts. I suggest that $100 is too much for a mistake of that kind. I would like to go further and reduce the maximum from $1,000 to $500, but I would not press that if the minister would agree to the $100.

Mr. GARDINER: This matter was before the committee last year. I think the reason this particular penalty was inserted was to protect the producer. As I read the statute, no person can act as commission agent for these products unless he secures a licence. I do not understand that this licence will be renewable from time to time; there is no provision for that. I submit that in order to control these parties effectively and protect the producers it is necessary to licence the commission people who will be taking these goods for sale on commission, and if they have not a licence they should be subject to a substantial penalty. I see no objection to this legislation; in fact I would support it because of the protection it gives the producers.

Mr. MOTHERWELL: Can the minister inform us how long these fines have been in force, how many prosecutions have been entered and how many convictions obtained, and whether he has found any difficulty from the courts hesitating about convicting because of the large fines? That would help to guide us in our decision. There is no question that when a fine is unreasonable—I am not saying this is—there is difficulty in securing convictions. If the minister would give us his experience of the cases that have been brought to court it would help us.

Mr. WEIR (Melfort): This has been in force for one year. There have been no prosecutions, therefore no fines have been imposed to date. The licence is $25 and if the fine were reduced to $25 it might be a temptation to some to take a chance.

Mr. MOTHERWELL: My recollection is that on the introduction of any new legislation like this the practice of the Department of Agriculture is to admonish and warn transgressors rather than prosecute much for the first year. Now that year is over; what will be the policy next year? The department will be disposed to be a little more severe, I imagine. If it is not, some will simply go on and on offending to see how much the minister will stand for. I am not disposed to suggest any change here. I have no doubt the officers of the department have gone into it carefully and fully and have decided that these fines seem to be workable and fair, because there is no use having laws unless they are enforced. But when it is broken through ignorance rather than deliberately there should be some consideration shown, and there usually is.

Amendment (Mr. Neill) negatived.

Section 18 agreed to.

Section 26 agreed to.

Bill reported, read the third time and passed.

COMBINES INVESTIGATION ACT

The house resumed from Monday, June 10, consideration in committee of Bill No. 79, to amend the Combines Investigation Act—Mr. Gordon—Mr. Morand in the chair.

On section 1—Short title.

Mr. MACKENZIE KING: As I read the bill it is largely a reenactment of the old Combines Investigation Act, except that some clauses have had to be rewritten on account of the act being placed under the trade and industry commission instead of remaining under the registrar. There is a more comprehensive definition of the word "combine" and a few changes in the phrasing, but apart from that I do not see anything particularly new.

Mr. GUTHRIE: That is correct.

Section agreed to.

On section 2—Combine.

Mr. GUTHRIE: It has been pointed out that in subsection 4 on page 2, in line 8, we have used the words "dominate or control." It is suggested that it is better to have it "control." Dominate is an elastic word that may mean something or nothing. If it is the view of the committee, I move: that the words "dominate or" be struck out.

Amendment agreed to.

Mr. GUTHRIE: Then it has been pointed out that this should not affect what we call patent rights, the rights of a patentee under a valid and existing dominion patent. I do not know that I have any views on the subject, but it seems reasonable that a valid and existing patent should not be called either a merger or a trust or a monopoly which would control that particular trade. I have been asked to bring that to the attention of the committee, and I suggest that the clause might be amended by something like the following at the end of clause 4:

> But this section shall not apply to the enjoyment of patent rights under valid and subsisting letters patent issued under the patent act.

Mr. MACKENZIE KING: Is there not a distinct danger of monopoly under patents? Better leave the section as it is.

Mr. GUTHRIE: I am not going to urge it.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

On section 9—Section 15 repealed.

Mr. GUTHRIE: In repealing section 15 of the act it is necessary to submit a new section in conformity with the provisions of the section in the Dominion Trade and Industry Commission Act. The new section is as follows:

> 15. On the application of any person to the commission to recommend the approval of an agreement or proposed agreement for the control and regulation of prices and production pursuant to the provisions of the Dominion Trade and Industry Commission Act, 1935, the commission shall have authority to investigate all matters relating to such agreement or proposed agreement as in the case of any other investigation under this act, and all the provisions of this act shall mutatis mutandis apply as in the case of any other investigation under this act.

Power is provided under the trade and industry commission act to that effect, and this is to comply with that provision. I would therefore move that section 9 be amended to read as follows:

> 9. Section fifteen of this act is repealed and the following is substituted therefor:

Then will follow the section I have read.

Mr. MACKENZIE KING: That has reference to the provision made the other day in the trade and industry commission bill to the effect that the governor in council would not give approval until after an investigation was held.

Mr. GUTHRIE: That is the clause.

Amendment agreed to.

Section as amended agreed to.

Sections 10 and 11 agreed to.

On section 12—Provisions of Inquiries Act applicable.

Mr. GUTHRIE: Mr. Varcoe of the law department has just pointed out that in line 14 there are some words that should come out. The words are "including the powers which are thereby authorized to be conferred by the commission issued in the case." He says these words are entirely unnecessary, and that it will clarify the section very much to strike them out. I therefore move that they be struck out.

Amendment agreed to.

Section as amended agreed to.

Sections 13 to 26 inclusive agreed to.

On section 27—Section 41 repealed.

Mr. MACKENZIE KING: I pointed out the other day, when we were considering the trade and industry commission bill, that the

measure does not come into force until next October. The old combines act being repealed by this bill, will expire when the present session of parliament is over unless some provision is made to continue it until October. Should there not be a section put in this act which will continue the old combines act until October 1 next?

Mr. GUTHRIE: Would it not be sufficient if this act did not come into force until October 1? Then it will not repeal the other act until it comes into force. I have a clause noted here as section 28, providing that the act shall not come into force until October 1, 1935.

Mr. MACKENZIE KING: That will be all right.

Section agreed to.

Mr. GUTHRIE: I move that the following be added as section 28:

28. This act shall not come into force until the first day of October, 1935.

Motion agreed to.

On the preamble.

Mr. MACKENZIE KING: There is just one other point to which I should like to direct the attention of the minister. In the event of the validity of the act appointing a trade and industry commission being questioned and it being found that the act in any particular is ultra vires, then there would be no combines investigation act in force at all. I was going to ask the government if it had considered the advisability of inserting some clause providing that in the event of the validity of the trade and industry commission act being questioned and that measure being found invalid, the old combines act might be forthwith revived.

Mr. GUTHRIE: I am afraid a clause of that kind would be considered a confession of weakness on the part of the government. I may say that in the view of the government the Dominion Trade and Industry Commission Act is constitutional; all the legal opinion we have been able to get on it has been to the effect that it is intra vires. I think under those circumstances I would risk this one.

Mr. MACKENZIE KING: I notice that now the government are paying more attention to the constitutional aspect of measures than formerly. Possibly this may get through.

Preamble agreed to.

Bill reported, read the third time and passed.

[Mr. Mackenzie King.]

CRIMINAL CODE AMENDMENT

The house resumed from Monday, June 10, consideration in committee of Bill No. 73, to amend the criminal code—Mr. Guthrie—Mr. Morand in the chair.

On section 4—Proviso.

Mr. GUTHRIE: I would ask that we revert to section 4 which I believe has already been passed. This clause has to do with fraudulent advertising. It has been represented that all the mail order houses in Canada have their catalogues in print, and that they will be published in the month of July or the beginning of August. It seems that these catalogues are published in orders of a million copies or more. At the present time they are in the printers' hands and are almost completed. They have asked that a provision be added to section 4 stipulating that the section shall not come into force until the first day of January, so that in their new catalogues they may comply strictly with the letter as well as the spirit of the section. I believe the request is reasonable. There would be an enormous loss if these catalogues were to go out in their present form and a complaint were made despite the fact the section was not before the mail order houses when the catalogues were compiled.

Mr. GARDINER: Is that an admission by the mail order houses that their advertising is now fraudulent?

Mr. GUTHRIE: No, distinctly not. They state that in their catalogues they assert their goods are sold on guarantee, and they in turn receive a guarantee from the manufacturers of the goods they sell. This section however goes much farther than that. They are content to make good their guarantee in every instance, and as a matter of fact I know they do; they take back goods and refund money. But they do not comply with the new regulations. I move the amendment I have suggested, namely:

That the following words be added at the end of section 4:

"and provided that this section shall not come into force until the first day of January, 1936."

Amendment agreed to.

Section as amended agreed to.

On section 5—Penalty.

Mr. GUTHRIE: Section 5 was passed, but the hon. member for Vancouver-Burrard (Mr. Hanbury) has suggested an amendment which I believe would cure a difficulty which

has been experienced along the Pacific coast in the logging trade. Representations are made by the Loggers' association of British Columbia. Subsection 4 of section 431 of the criminal code states:

4. Every one who, being a dealer in second-hand goods of any kind, trades or traffics in or has in his possession for sale any boom or other chains, lines or shackles for the use of rafting, storing, fastening or towing lumber or logs and who purchases, trades or traffics in any boom or other chain, line or shackle which has upon it the trade mark duly registered or other mark or name of any person without the written consent of such person—

Is guilty of an offence. It has been held before the courts of British Columbia that initials on saw logs do not constitute a name within that section. I should have thought otherwise, but in order to overcome that difficulty a request has been received from the loggers' association through the hon. member for Vancouver-Burrard for an amendment to the section to make it clear that initials are a distinguishing mark. I therefore move:

That the following be added as section 5a: That section 4 of section 431 of the criminal code be amended by striking out in lines 6 and 7 thereof the words "trade mark duly registered or other mark or name" and substituting therefor the words "mark, brand, trade mark duly registered, name or initials."

Amendment agreed to.

Section as amended agreed to.

On section 6—Discrimination in trade.

Mr. GUTHRIE: I have an amendment to section 6, suggested by the cooperative unions of Canada who carry on a cooperative business. They say that they should be excluded from the operation of the section, and they have asked for the insertion of the following provision:

That the provisions of this subsection shall not, however, prevent a cooperative society returning to producers or consumers or a cooperative wholesale society returning to its constituent retail members the whole or any part of the net surplus made in its trading operations in proportion to the purchases made or sales of the society.

A great many of these societies operate on the principle of granting a rebate or percentage on purchases. They do not want that to be treated as a discount under the provisions of this bill. Personally I think the suggestion is reasonable, and if the committee is content I move as I have indicated.

Mr. REID: Does that apply to all cooperative organizations?

Mr. GUTHRIE: In Canada.

Mr. FACTOR: Would the minister consider the advisability of using the word "organization" instead of "society"? Other cooperative bodies might be called societies.

Mr. GUTHRIE: I think this is broad enough to cover them all.

Amendment agreed to.

Mr. GUTHRIE: There is another amendment to the same section, which has been suggested and which I think is reasonable, in regard to the words in paragraph (a) "is a party or privy to, or knowingly assists in, any transaction." It is suggested that it would be better draftsmanship if the language were as follows: "is a party or privy to, or assists in any transaction of sale which discriminates to his knowledge." That language is thought better than to say "knowingly assists in."

Amendment agreed to, on division.

Section as amended agreed to.

Sections 7 to 12 inclusive agreed to.

Mr. GUTHRIE: Mr. Chairman, there is another amendment to the criminal code which has been on the order paper a long time, and I propose if it passes to consolidate it with the bill we have just gone through. I do not know just what the modus operandi is to get at that bill now.

Mr. CASGRAIN: Move it as an amendment to this one.

Mr. GUTHRIE: Then I move that section 1 of Bill No. 5 be inserted as section 13 of Bill No. 73 which we are now considering. Section 1 of Bill No. 5 amends section 325 of the criminal code. This is to clarify what I think was a little mistake in the amendment we made last year in regard to the number of days' racing. It will be remembered that last year we made an amendment to the criminal code which provided that instead of two race meets of seven days each, racing associations might hold one race meet of fourteen days in a single year. Theretofore they had the right to hold two meetings of seven days in each year, and last year we gave them the opportunity of holding one race meeting of fourteen days. Now we must make it clear, I understand, that it should be on consecutive days. We have done that in section 1 of Bill No. 5, and the last part of the clause, from the words "one race meeting" to the end, is new. It reads:

—in any one calendar year more than one race meeting, at which there are running races, of

more than seven and not exceeding fourteen such days, or two such race meetings having an interval of at least twenty days between them of not more than seven such days each.

Section 1 of Bill No. 5 agreed to (new section 13 of Bill No. 73).

Mr. SULLIVAN: I move, Mr. Chairman, the following amendment to section 1 of Bill No. 5 which has just been adopted, and that is to add in line 15 after the word "races" the following words:

unless one be a steeplechase or hurdle race in which event there may be eight races.

Mr. GUTHRIE: The effect of the amendment will be this. The committee knows, I suppose, that under the present law seven running races are allowed per day. Some of the racing associations or jockey clubs have requested, I understand, the privilege of running one steeplechase or hurdle race—a jumping race, they call it—in addition to the seven other races they are entitled to run. If this amendment is adopted they will have the right to add one race each day to the seven now allowed, provided it is a steeplechase or a hurdle race.

Mr. LAPOINTE: Is the minister in favour of that?

Mr. GUTHRIE: I have no opinion on it. I know nothing about hurdle racing or steeplechasing.

Mr. MACKENZIE (Vancouver): I do not think the amendment is inserted in its proper place in the section. Will the chairman please read it again?

The CHAIRMAN (Mr. Morand): That in line 15 after the word "races" there be added the following words:

unless one be a steeplechase or hurdle race, in which event there may be eight races.

Mr. MACKENZIE (Vancouver): I think the amendment should be inserted after the word "days" in line fifteen; then add the proviso.

Mr. SULLIVAN: I am satisfied. I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Section 2 of Bill No. 5 agreed to (new section 14 of Bill No. 73).

[Mr. Guthrie.]

On section 3 of Bill No. 5—Six jurors in Saskatchewan and Alberta.

Mr. GUTHRIE: This section was drawn in accordance with a request that was received from the Attorney General of Alberta. The province of Alberta subsequently withdrew that request and said they preferred to remain under the old territorial law which was passed before Alberta came into confederation and to keep their jury system under that law. Since then the province of Manitoba has made a request that the criminal code be amended and that Manitoba be entitled to have a jury of six as is now the case in Alberta and Saskatchewan. I am going to move that section 3 of Bill No. 5, which will be section 15, this present bill, be amended by striking out the word "Alberta" in line 6 and substituting therefor the word "Manitoba." This amendment is being made in consequence of a request received from the Attorney General of Manitoba.

Mr. MACKENZIE (Vancouver): Is the word "Alberta" still to remain in section 2?

Mr. GUTHRIE: Yes.

Amendment agreed to.

Section as amended agreed to.

On section 4 of Bill No. 5—who shall be the jury.

Mr. GUTHRIE: The same amendment will have to be made in this section in line 11 and I move accordingly.

Amendment agreed to.

Mr. NEILL: Has the minister considered the reprinting of this bill? There have been a number of amendments made.

Mr. GUTHRIE: Perhaps that is a good idea, although I do not like to delay the matter. If the committee desires, it can be reprinted.

Section as amended agreed to.

Bill reported.

Mr. GUTHRIE moved the third reading of the bill.

Mr. MACKENZIE (Vancouver): Before the bill passes its third reading I should like to repeat the objections I raised to sections 5 and 6. These objections as to the validity of these sections have been strengthened by the views expressed by eminent counsel.

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

CRIMINAL CODE AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved:

That government order 28 with regard to Bill No. 5, an act to amend the criminal code, be discharged and that the said bill be withdrawn.

Motion agreed to and bill withdrawn.

SUPPLY

MISCELLANEOUS

The house in committee of supply, Mr. Morand in the chair.

To provide for salaries and expenses of the office of the salvage officer, including L. H. Beer at $4,500, $10,622.

Mr. LAPOINTE: I want to repeat the protest I made the other day against the inclusion of the name of a person in a vote in order to escape the regulations of the civil service commission.

Mr. GUTHRIE: It has been that way for a long time.

Mr. LAPOINTE: It is a bad custom.

Item agreed to.

To provide for report on cultural conditions in Canada (literature, art, drama, education, et cetera), $2,500.

Mr. WOODSWORTH: Could we have an explanation of this item?

Mr. GUTHRIE: I cannot explain it so we will have to let it stand.

Mr. MACKENZIE KING: I think I can explain it. A report is being prepared for the Prime Minister by an eminent scholar who is making a review of cultural conditions in Canada. It is very largely in the nature of a gratuity.

Mr. WOODSWORTH: I have no great objection to that kind of thing, but instead of having an individual item like this, if we are to give gratuities to eminent scholars, it might very well be that we might set up some recognized method of doing it. In many countries they have means of maintaining people of literary ability—you may call their positions sinecures if you will—but as a rule there is some accepted method of giving such assistance. Personally I should like to see something of that kind done rather than have this haphazard practice continue.

Item agreed to.

Mr. MACKENZIE KING: When may we expect the supplementary estimates—tomorrow?

Mr. GUTHRIE: I am hopeful, but it is possible that it will not be until Monday.

Progress reported.

On motion of Mr. Guthrie the house adjourned at 10.55 p.m.

Friday, June 21, 1935

The house met at three o'clock.

FARMERS' CREDITORS ACT

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 114 relating to the application of the Farmers' Creditors Arrangement Act, 1934, in the province of British Columbia.

Some hon. MEMBERS: Explain.

Mr. RHODES: Mr. Speaker, the objects sought to be attained in the passing of the Farmers' Creditors Arrangement Act are well known to the house. In a word the main object was to try to compose the debt structure of a farmer to the point where he could meet his obligations and remain upon the land as a producer.

I think it is fair to say that the act has met with a remarkably favourable reception throughout the country. I desire to pay tribute to the provincial governments for their cordial cooperation, in the main, with the Department of Finance in endeavouring to administer the act. Every province, with the exception of British Columbia—and I will refer to that province in a moment—has cooperated not only to the point of facilitating the operation of the act in every way through contact with its several officials but has made contributions in the way of reductions in fees, and no province has taken any exception to the general terms of the act in its application to provincial obligations. That statement is true as far as the province of British Columbia is concerned from the inception of the act in November until the month of May. During the month of May the board of review sat on a case concerning one Copeland, and it is fair to assume that the province did not object to the jurisdiction of the board because it was represented there by the attorney general. In the Copeland case the board of review made the following finding with regard to the claim of the province of British Columbia for arrears of taxes upon the land:

—that all interest due thereon, with penalties be written off—

I interpret that to mean that the decision was that the interest upon arrears of taxes should be written off.

—and that the amount payable be allowed and fixed at the sum of $1,408.03 (which is inclusive of the taxes assessed and payable in 1935); and that the said sum shall be payable in three equal annual instalments of $469.34, each, without interest, on the 31st day of October in the years 1936, 1937 and 1938 respectively; and the board directs that no tax enforcement proceeding shall be taken against the debtor in respect of these payments until after October 31, 1939, The debtor shall pay all current taxes payable to the province in the year 1936 and subsequent years until and including the year 1940, regularly and in accordance with the provisions of the statute in that behalf.

In May it was announced by the attorney general of that province that the province proposed to challenge the legality of the act.

The premier of the province said that it created an invasion of provincial rights, and he proposed to fight it all along the line. As a result of the finding in the case I have just indicated the province appeared before the court and asked for a declaration—

1. (a) That the defendants purporting to act as a "Board of review for the province of British Columbia" under the provisions of the Farmers' Creditors Arrangement Act, being chapter 53 of the statutes of Canada, 1934, and amending acts and the rules and regulations passed thereunder, are acting without lawful authority, as the said act is ultra vires the parliament of Canada.

(b) Alternatively, that the board of review is acting without lawful authority in assuming jurisdiction under the said act to formulate proposals and to make directions by virtue of which contracts and taxation powers and rights of the crown in the right of the province of British Columbia in relation to farmer debtors are in whole or in part abrogated and set aside.

2. The plaintiff further claims an injunction to restrain the defendants from purporting to formulate proposals or to give directions or to make orders involving contracts by the crown in the right of the province of British Columbia and its farmer debtors in relation to amounts owing under such contracts to the said province and in relation to moneys due or to become due from farmer debtors to the crown in the right of the said province in respect of any form of taxes, fees, rates or duties.

An interim restraining order was granted on June 15, the motion to continue the injunction being returnable on June 27.

In coming to its decision to introduce this bill the government has had in mind the fact that since the inception of the act there have been, up to the end of May, 57,610 interviews, 10,942 proposals, and 4,602 settlements. These are formal settlements effected by the receivers. In addition there have been 1,250 settlements effected as a result of decisions of boards of review. Of that number only 58 occurred in the province of British Columbia as a result of settlements effected by the receivers and I believe only six or seven as a result of decisions by boards of review.

In an interview reported in the press of to-day, or possibly yesterday, the premier of British Columbia said that he was quite content that the act should be applicable so long as it does not apply to the province of British Columbia. In other words, he is quite content that contributions shall be made by loan companies, by trust companies, by banks, by insurance companies and by private debtors, but the province itself should be immune. It will stand on the letter of the law and it will exact its pound of flesh.

It is not for me to quarrel with the decision of the province. It is within the rights of the provincial government to take the attitude it may desire to take, but in making my statement I am stating the blunt facts. There are two things to be said. One is that we have the right to assume that the government of British Columbia speaks for the province of British Columbia, and by its attitude it has said, "We do not wish this act applicable to the province of British Columbia." But the second and more important consideration is this. While we are advised by the Department of Justice that this law is intra vires of this parliament, what a court of law might do is another matter. And inasmuch as the law has been accepted as applicable to the other eight provinces of Canada I submit that we would be derelict in our duties if we were to imperil its existence and the benefits which flow from its operation in the other eight provinces if we allowed the act to continue in British Columbia, with the results which might flow from the action which has been taken in the courts by that province. In these circumstances we have felt that we have no alternative but that of introducing this measure.

Mr. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I regret very much that the Minister of Finance (Mr. Rhodes) has departed from the customary courtesies extended on the occasion of the first reading of a bill, and has sought to make a detailed explanation which would have been more proper on second reading. I would say to the minister that he has raised some very controversial arguments. I am not here to defend or to protest against action which may be taken by the provincial government of the province of British Columbia. I am personally in favour, and have so expressed myself

repeatedly, of the provisions of the Farmers' Creditors Arrangement Act in the province of British Columbia. My right hon. friend, the leader of the opposition, very definitely expressed himself as being in favour of the provisions of the bill when it was discussed in the house.

I must protest most emphatically however against the Minister of Finance, at this time and at this stage of debate, namely, upon the introduction of a bill which we have not yet seen, to the consideration of this house, imputing motives to any provincial government, whether it be Liberal or Conservative, I do not care which. I am certainly disposed to object to this bill; I may say frankly to the minister that I am in favour of the application of the provisions of the act to the province of British Columbia. I have spoken in favour of it, and so has the hon. member for New Westminster (Mr. Reid), upon many occasions in British Columbia. For these reasons I say it is entirely unbecoming in the minister, when he seeks leave of the house to introduce the bill, to impute motives when the full facts are not in possession of the house.

Mr. RHODES: I think it is due to me that I be given the opportunity to say that if the hon. member would do me the courtesy of reading what I have said he could not take exception to a single statement I have made when introducing the bill. In doing more than stating in simple terms what the bill sought to do I was merely being courteous to the house at this stage so that hon. members might be fully aware of the motives which have caused the government to introduce the bill. I must say however that I did not impute any motives to the province of British Columbia. I confined my observations entirely to a statement of facts, and only a limited number of those facts at that, from official documents. I believe when the hon. member reads what I have said he will realize that the last thing I attempted to do or had in mind, or that the government had in mind, was to show any partisanship, because I was at pains to pay tribute to the other provinces in Canada, without regard to their political affiliations, for having cooperated so loyally with the federal government in the administration of the act. After all, the chief motive is to serve the agricultural population of Canada, and I believe we may forget the political phase of it.

Mr. MACKENZIE (Vancouver): I wish you had.

Mr. FRASER (Cariboo): That is all you are thinking about.

Motion agreed to and bill read the first time.

PENSIONS FOR THE BLIND

On the orders of the day:

Mr. A. A. HEAPS (Winnipeg North): May I ask the Prime Minister if it is the intention of the government to introduce this session legislation dealing with pensions for the blind?

Right Hon. R. B. BENNETT (Prime Minister): I cannot answer that question at the moment. I was not present at council this morning but I am advised that I shall be in a position to give an answer on Monday.

FARMERS' CREDITORS ACT

On the orders of the day:

Mr. G. G. COOTE (Macleod): Might I ask the Prime Minister whether the government would consider introducing legislation dealing with the jurisdiction of the Farmers' Creditors Arrangement Act in respect to indebtedness for school lands? If the Prime Minister is not in a position to give an answer at the moment, perhaps he might consider the question and give an answer on Monday.

Right Hon. R. B. BENNETT (Prime Minister): I am bound to say that I was not aware of the difficulty to which the hon. gentleman refers. I shall, however, look into it. The dominion is no longer concerned about school lands, being only the trustees; the school lands are now beyond question the property of the province. But there are limitations with respect to investments, and I believe it would not be competent for us to do more than confer with the province as to what action shall be taken. I will look into the matter and be able to make a more definite statement on Monday.

CANADA-POLAND TRADE TREATY

On the orders of the day:

Mr. S. W. JACOBS (Cartier): In the absence of the Minister of Trade and Commerce (Mr. Hanson) I wonder if the Prime Minister could give us any information as to the present status of the negotiations looking to a trade treaty between this country and the republic of Poland.

Right Hon. R. B. BENNETT (Prime Minister): We did carry on negotiations with the republic of Poland and arrived at the

basis of an agreement before I was ill, and it was ready for signature, but certain difficulties arose in connection with another branch of government altogether, and certain suggestions were made that one should be dependent on the other. Without going into details in any sense, which the hon. gentleman will not expect, I am afraid that as matters now stand we are not entitled to yield the point that has been suggested with respect to another matter of government altogether, and so the trade agreement will probably have to stand for the moment. That is as far as my present advices go.

NATIONAL GOVERNMENT

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, according to this morning's Montreal Gazette, in his convocation address at Bishop's College Chief Justice Greenshields urged the formation of a national coalition government to bring us through the depression. The chief justice was aware that he was touching upon a controversial matter and might be subject to criticism. I would like to ask, in view of the fact that there is a definite political movement towards a national coalition government today, whether it is appropriate that a judge should enter the political field and meddle with political matters.

Right Hon. R. B. BENNETT (Prime Minister): I think, Mr. Speaker, it is easy for me to say that the government is of the opinion that neither the chief justice of the superior court of Quebec nor the chief justice of Ontario should indulge in party politics, and we very much regret that any chief justice should do so. We feel quite certain that any observations that were made were not intended to be of a political character but rather were indicating the private opinion of one who at the time he spoke was occupying the position of chancellor of the university over which he presides.

Mr. JACOBS: Was he not speaking from the standpoint of the patriot rather than in a party sense?

Mr. GARLAND (Bow River): I wonder how the Prime Minister distinguishes a private statement of opinion from a public statement of opinion?

DISABLED PENSIONERS AT WINNIPEG

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker just before this sitting commenced I had a telegram from Winnipeg concerning which I telephoned my hon. friend the Minister of Pensions and National Health and I rise now to make inquiry from him with regard to the situation which apparently has developed in Winnipeg among the disabled pensioners there. Apparently the complaint is that the Department of Pensions and National Health is not complying with a regulation which these men assert has been made whereby a five-dollar allowance was to be exempted from any deduction which is to be made in connection with the relief grant. There are about 400 pensioners now camped in the grounds of Deer Lodge hospital and they threaten to stay there until the regulations are complied with. Can the minister make a statement in regard to this matter?

Hon. D. M. SUTHERLAND (Minister of Pensions and National Health): Mr. Speaker, the general principle that is applied in the granting of relief is that the department supplements the amount that is given to small pensioners to bring it up to the amount that is granted by the muncipalities to civilians on relief.

Some little time ago the municipal council of Winnipeg decided to allow an exemption of $5 to imperial pensioners who had come to this country since 1924. When they were estimating the amount of relief which a man might receive they said, "We will not count $5 of your pension as income." The result was that such an imperial pensioner would receive $5 more in relief. This organization sent several telegrams to the department claiming that they should also have $5 more in relief but I could not see that they were entitled to this. These exemptions were not made in connection with civilian relief and these men were telegraphed to to the effect that no decision would be given at the time as the Hyndman commission had made several recommendations with regard to relief which were under consideration. In spite of that reply a certain number went to the hospital at Deer Lodge and intimated that they intended to stay until their demands were granted. I believe about forty spent last night on the grounds under canvas.

Mr. RALSTON: Is it the intention of the department to give this matter further consideration or does the department consider it at an end?

Mr. SUTHERLAND: The department is always willing to consider anything.

B. C. RELIEF CAMP STRIKERS

On the orders of the day.

Mr. S. W. JACOBS (Cartier): Mr. Speaker, I should like to inquire of the Minister of Railways and Canals (Mr. Manion) if our guest marchers have arrived from the west, if they are properly housed and when will negotiations be opened?

Hon. R. J. MANION (Minister of Railways and Canals): So far as I know they have arrived, in fact one of them telephoned me this morning to tell me that they had arrived. I have not investigated their housing but I imagine it is rather good. They told me where they were and it seemed to me to be a very respectable place. As to the meeting, I hope that we can arrange to meet them tomorrow morning but that has not been definitely decided.

VICTORIA BRIDGE TOLLS

On the orders of the day.

Mr. VINCENT DUPUIS (Laprairie-Napierville): I should like to ask the Minister of Railways (Mr. Manion) if he has received the decision of the Canadian National Railways in connection with tolls on the Victoria bridge and, if not, is he able to tell us if a report will be made before the end of the session?

Hon. R. J. MANION (Minister of Railways and Canals): I asked the Canadian National Railways for a report on the statements made by the committee. They report that some of the statements were not correct and I have asked them to meet the committee in association with the harbour commission, which controls the other bridge at Montreal. As to when they are to meet or other details of that kind, I know nothing and I cannot give any further information at the present time.

Mr. DUPUIS: Is it not the duty of the government rather than the Canadian National Railways to decide what tolls shall be charged on the Victoria bridge?

Mr. MANION: No. It is the duty of the Canadian National Railways to decide and the government then approves or disapproves of the tolls which the railway company has decided to charge.

COMPANIES ACT, 1934, AMENDMENT

The house resumed from Friday, June 14, consideration in committee of Bill No. 85, to amend the Companies Act, 1934—Mr. Cahan—Mr. Smith (Cumberland) in the chair.

Section 1 agreed to.

On section 2—Incorporation only for objects and powers to be actively pursued.

Mr. BOTHWELL: Does the minister think that this section makes any real alteration in the act as it is at the present time?

Mr. CAHAN: I believe the hon. gentleman could give an opinion on that just as well as I. This section was drafted to carry out the recommendations of the commission and I think it does so. In actual practice I do not think it will make very much difference with a great many companies as in any case they would operate entirely within this section. This section will restrict the activities of a company to the purposes and objects stated in the application for letters patent and in the letters patent as granted.

Mr. BOTHWELL: In making an application for letters patent is it not usual to set out all the objects which the company believes they will want to make use of? The powers granted are usually very broad and as I see it this section would restrict those powers.

Mr. CAHAN: As far as my memory goes, years ago when a company applied for letters patent they proposed very broad powers but that has not been the practice in recent years. In recent years the companies have limited their applications to certain specific objects, and then there are other implied powers incidental thereto. The real difference of opinion which arises in the courts is brought about by another issue. A company may be restricted to its objects and powers as expressed in its charter, but those dealing with the company may rely to a certain extent upon its having the particular powers which it holds itself out to have. In connection with the obligations of a company to its creditors and to those who have made contracts with it, there is a tendency in the court decisions to assume that the company as a company is responsible for the holding out by its officers of the possession of certain powers. I think the provisions of this section are very strict and that they will carry out the purposes which the commission had in mind when making the report it did with regard to this particular matter.

Mr. BOTHWELL: Am I correct in assuming that it is the minister's opinion that this section will have the effect of curtailing the operations of a company and preventing it from carrying on any business which may be conducive to the main object for which it is incorporated?

Mr. CAHAN: I do not think the hon. member should assume that at all. That is a very

broad issue and I certainly cannot give my adherence to any such suggestion. The powers which are conducive to the interests of a company offer a much wider field than those which are merely incidental.

Mr. RALSTON: The provision is that if a company carries on business contrary to or exceeds the powers it shall be liable to be wound up as if it had become insolvent. I point out that the Winding-up Act expressly provides that a company shall be liable to be wound up in any event in which, according to the Companies Act, it is to be dissolved; so that there is no need to provide that a company shall be wound up as if it were insolvent. All that is necessary—and it makes the procedure much more simple—is to provide that such companies shall be liable to be dissolved if they do the things enumerated, and the Winding-up Act comes in and declares that this is one of the cases in which the company may be wound up. I wonder what the draftsman had in mind when he proposed to have the company wound up as if it were insolvent. In that event a great many things would have to be done with regard to the creditors, procedure and matters of that sort which might be avoided if this section simply provided that in the events mentioned the company is liable to be dissolved.

Mr. CAHAN: The drafting is not mine the section was drafted by the officials of the Department of Justice. My own personal opinion concurs largely in the suggestion of my hon. friend, that if a company is liable to be dissolved it is liable to be dissolved under the provisions of the Winding-up Act, and under that act any company which is insolvent may be wound up. I suppose the draftsman regarded this as being an assertion in more particular language of the very position which the hon. gentleman has taken. If the hon. gentleman wishes to move such an amendment I do not think there need be much controversy.

Mr. RALSTON: I have not got it written out, but my motion would be that the words "wound up" in line 30 be struck out and the words, in lines 31 and 32 "as if it had become insolvent" be also struck out and the word "dissolved" be inserted after the words "to be" in line 30, so that the provision would read:

> such company shall be liable to be dissolved under the provisions of the Winding-up Act, and the attorney general of Canada may, upon receipt of a certificate of the Secretary of State setting forth his opinion as in this section provided, apply to a court of competent jurisdiction for an order that the company be wound up.

Mr. CAHAN: In the thirtieth line the hon. member would strike out the words "wound up" and insert in lieu thereof the word "dissolved."

Mr. RALSTON: That is right.

Mr. CAHAN: And in lines 31 and 32 the words "as if it had become insolvent" would be struck out and the rest of the section would remain the same.

Mr. RALSTON: Yes.

Mr. CAHAN: I believe it has the same effect.

Amendment agreed to.

Section as amended agreed to.

Section 3 agreed to.

On section 4—Shares to be allotted for consideration fixed by board of directors.

Mr. BOTHWELL: Attention was drawn on Friday last to the continuance of no par shares and distributable surplus. I am assuming that the minister has not changed his mind in that regard. I will not press the point brought to his attention last year and this year again.

Mr. CAHAN: In all my long experience I have always found that fixing the par values at $100 or a proportion thereof enabled one to carry out the purposes of the company quite fully. That is my own experience with respect to those matters which have been brought before me in my professional capacity. I am prepared to lay on the table of the house a long list of scores of companies, among the most active in our commercial and industrial life, which have no par value shares and which are now operating. Whatever parliament may do in future revisions, at the present time to abolish no par value shares would be to compel scores of these companies to reconstruct at a time of great distress and difficulty, and I do not think the time is opportune.

Mr. BOTHWELL: Might it not be well to stop other incorporations in the future from issuing no par shares, even if the old companies were left?

Mr. CAHAN: Another parliament might be in a clearer frame of mind to consider that question. In all cases that have come before me, and there have been many in the last five years, I have not seen one in which no par value shares were used as a means of stock-watering. Under the system of accounting we now have, every statement of a company must show clearly the value of

these no par value shares, and this improved accounting system is excluding water where water was brought in under previous conditions of organization. No doubt from time to time the Companies Act must be revised to meet real difficulties, to overcome real objections and to abolish evils as they creep up, but at the present time these companies are all objecting to the possibility of their organization being crippled and their effective recovery being postponed for a considerable time.

Mr. CASGRAIN: Was not that one of the promises in the reform program outlined in the radio addresses?

Mr. BENNETT: It certainly was; and what is more, I said that if the price spreads commission recommended the abolition of no par shares I would vote for it. I will vote for it to-day if there is a motion to that effect.

Mr. CAHAN: It is true as well that the price spreads commission in its wisdom did not recommend it.

Mr. CASGRAIN: We were not given to understand in the radio speeches that the Prime Minister would be governed by what the price spreads commission might recommend.

Mr. BENNETT: I referred to that also.

Mr. CASGRAIN: No.

Mr. BENNETT: I beg your pardon.

Mr. CASGRAIN: In January the addresses were to the effect that so and so would be done, and among other things it was indicated that no par value shares would be done away with. May I ask the Secretary of State what he thinks personally about it. Was he of the opinion that they should be abolished?

Mr. BENNETT: I also said that the recommendations of the price spreads commission would be given effect to. I assumed, as I said the other day, that they would be within the law, and to the extent that we are advised they are we have endeavoured to give effect to them. The commission put no par value shares in the alternative. Had they suggested, as I understood the views of many of the commission were, that they should be abolished, certainly it would have been so found.

Mr. ILSLEY: The only answer is that the government has not carried out the alternative.

Mr. BENNETT: Oh yes.

Mr. ILSLEY: The commission recommended that no par value shares be abolished or that there be no distributable surplus. The government has not carried out that recommendation.

Mr. CAHAN: That is quite different. I have no wish to discuss such a very fine point as that, but under this bill there could be no distributable surplus created out of capital.

Mr. ILSLEY: That is what I mean.

Mr. CAHAN: By this bill there can be none.

Mr. ILSLEY: I do not think that is the effect of the bill. That is only as it applies to capital paid in before the passing of this legislation. It is possible under this legislation for part of the capital to be carried to distributable surplus.

Mr. CAHAN: No. I think I can assure my hon. friend that the process, which has been carried on whereby from time to time directors, with the approval of a majority of the shareholders—I think it is a three-quarter majority—can set aside as distributable surplus that which has been received as capital, is abolished.

Mr. ILSLEY: Section 2 commencing at line 15 on page 2 of the bill reads:

> And in fixing the amount of such consideration, the board, subject to the provisions of this part, may provide in the contract of subscription for such shares that the consideration received therefor shall be deemed to be capital, excepting a part, if any, not exceeding twenty-five per centum thereon, which shall be set aside as distributable surplus.

Mr. CAHAN: It is not then received as capital at all. Under this bill if it becomes law, it will be impossible for a company to set aside as distributable surplus anything which it has received as capital; but in the initial subscription it may make a contract with its subscriber as to what part of the consideration shall apply to capital, and that a certain percentage may apply as distributable surplus, not necessarily for dividends but for carrying on the company without impairment of its capital, because this percentage is no longer capital. I think this bill under the circumstances goes very far in the way of reform. We have abolished this practice which has been going on with regard to setting aside from time to time a certain portion of the capital of the company as distributable surplus.

In early times I believe there were certain fixed assets that were set aside as distribut-

able surplus, but under the regulations which have prevailed in the department for a number of years now, nothing can be set aside as distributable surplus except it be a portion of the liquid, realizable assets. I think we have gone a long way in reform by providing that if a shareholder wishes to put up, in addition to his subscription to capital, a certain sum as distributable surplus to ensure the stability of the company, we will not prohibit him. I doubt if we could. I think that, if I am a shareholder of a company, it would be very difficult to prohibit me from making a contribution to its treasury to enable it to carry on whether the company called that contribution distributable surplus or anything else. I think the hon. gentleman will find we are going a very long way to meet the views of the commission.

Section agreed to.

On section—Consideration for any shares allotted must be adequate.

Mr. CAHAN: In reading over this clause, I think the word "less" in line 36 on page 2 should be "more." How it got in in that form I do not know. I think the clause should read:

> In no case shall any shares, whether common or preferred, or whether with or without nominal or par value, be issued and allotted as fully or partly paid up for more than what may justly be deemed to be—

I fancy in an early draft, that was drafted in another way and the word "less" was retained inadvertently. I suggest that the change I have indicated should be made.

Mr. ILSLEY: I think the word should be "less."

Mr. BOTHWELL: I cannot agree with the minister. The clause reads:

> In no case shall any shares, whether common or preferred, or whether with or without nominal or par value, be issued and allotted as fully or partly paid up for less than what may justly be deemed in all the circumstances of the case adequate consideration therefor.

As it reads now, it means that the company is not able to issue shares unless they have been paid for. According to my interpretation the word should be "less" instead of "more."

Mr. CAHAN: Allow me to read the clause again because it was an hon. member who drew my attention to it. Yes, I think the hon. member is right; I was mistaken.

Mr. BOTHWELL: There is just one other question in connection with the section. It reads:

> For less than what may justly be deemed in all the circumstances of the case adequate consideration therefor in cash, property or services.

Then in section 96B, under section 15 of the bill at page 9 these words are used:

> It shall not be lawful for the directors or promoters of a company to authorize the issue and allotment of any shares of the capital stock of the company as fully paid up unless the company receives, or is to receive what may justly be deemed, in all the circumstances of the case, adequate consideration therefor in cash, property or services.

Just taking those two sections together, I am wondering whether, under section 5 when reference is made to adequate consideration in services, that may be services to be rendered as referred to in the new section 96B, because it seems to me that section 96B will have to be changed, as under the section as I read it no company is able to issue shares for services to be rendered in futurity.

Mr. BENNETT: Why not add a word to make it clear that that is for something past and not in the future?

Mr. BOTHWELL: Section 5 may be clear so far as it is concerned if we alter section 96B when we come to it, but I wanted to bring the matter to the attention of the minister now.

Mr. CAHAN: In regard to the matter to which I referred before, simply to show that I was speaking inadvertently, I was sent through a member of the house a short memorandum from the Dominion Association of Chartered Accountants as follows:

> If the proposed section (9) of this act is to remain, should not the word "less" in the third line read "more"?

As this came from such an important body, I thought there could not possibly be a mistake, but the suggestion that any change should be made has now been entirely withdrawn.

Mr. RALSTON: My difficulty with this section is what I conceive to be its absolute unworkability and the uncertainty which it is going to create among people who happen to buy shares. I may be wrong about this, but the effect of this section appears to be this. It means that if a company is incorporated under the Dominion Companies Act, and for instance I am an officer of it, I agree to serve the company for $100 a month plus ten shares, doing that because I know the company is in hard circumstances and the directors think it is a good thing to take me on because it means I have an interest in the progress of the company; in other words,

if I make a success of the company my shares will be worth something. I sell my shares to someone else. Five years afterwards, the company gets into financial difficulties and is wound up. Mr. X, the man to whom I sold the shares, is put on the list of contributories of the company. He asks why? He is told that it is because of the fact that as regards those shares, although issued fully paid up, the consideration, that is Ralston's services, did not represent adequate consideration for the shares. He is told "you are liable to pay the difference between the real value of Ralston's services and the par value of the shares." I think that is the effect of this section. I think it means that no man can buy the shares of a dominion company without the fear that at some later date a liquidator may put him on the list of contributors and say to the judge, "We want you to project your mind back to the time these shares were issued, to find out if in all the circumstances adequate consideration therefor was given in cash, property or services."

I take that illustration about salary because I happen to know of a case which is all finished with now, so I can speak of it quite freely. It was the subject of considerable discussion in another city. A managing director was given certain shares in addition to his salary; he cut his salary about in two and took shares in place of part of it. That man is getting those shares to-day. This act does not apply to him, so there can be no trouble about it, but if that had happened after this act came into force it would seem that a person who might buy shares from him would face the possibility of some liquidator or creditor coming in and saying that man's services were not worth the number of shares given to him, and the holder of the shares might be required to pay the balance.

That is the situation from the point of view of the shareholder. The point of view of the adviser is just the reverse. Somebody is asked to advise whether these shares were fully paid up. They are marked paid up on their face, but that is not enough. Were they actually issued for less than what might justly be deemed, "in all the circumstances of the case, adequate consideration therefor in cash, property or services." I do not know of any legal or business adviser who can forecast the mind of a judge having to decide ten years hence what the circumstances were at the time the shares were issued. On that ground, therefore, it seems to me that the section is unworkable and dangerous. I am fully in accord with the idea of not having shares issued for fictitious considerations. As the Secretary of State knows, under the English act there was a provision whereby, if shares are issued for anything else than cash, the agreement must be filed showing exactly what was the consideration for those shares, so that anyone buying shares may know that the company did not receive cash for them but something in place of cash.

Mr. BENNETT: The prospectus will show that.

Mr. RALSTON: Quite right. Under the amendments of last year there was required to be stated in the prospectus itself what was the consideration for the shares. That is, you cannot just say so many dollars; you must specify the property or the thing for which the shares were issued.

Mr. BENNETT: Services or contemplated services.

Mr. RALSTON: Or, in my case, service for so many years as a portion of the salary, So the shareholder knows exactly the sort of consideration that was given and the extent of that consideration, and it is up to him to put a value on those services and decide whether or not they represented adequate consideration. But it seems to me to impose on what might be innocent holders, the liability of facing a law-suit to decide the question of the adequacy of the consideration at the time the shares were issued to the original allottee and it seems to me that is going to make it very inadvisable to incorporate under the Dominion Companies Act. It is not fair to the investor; I do not think it is fair to the business public, nor is it fair to the companies themselves, because in these times shares are issued for considerations other than cash, and perfectly good considerations too, which are just as valuable to the company as cash and for which people will accept shares in order that the cash position of the company may not be impaired. I suggest that the Secretary of State consider the matter further before this section passes in its present form.

Mr. CAHAN: The difficulty which the hon. gentleman has mentioned is obvious, but I think he forgets a decision of the Supreme Court of Canada in the early days, when I think Chief Justice Ritchie was presiding—and that decision never has been modified—in which it was held that if a company issues shares as fully paid and those shares are subsequently transferred from the first allottee to others, the third parties being without notice that the shares have not been fully paid when the certificate of the company shows that they are fully paid, are not liable either to the company or to a creditor. The

first purchaser of the shares, or perhaps it is better to say the first allottee of the shares, remains liable if the shares were issued for an inadequate consideration, but the third party does not. I have had very strong representations made, in regard to this section, that we should incorporate in it a provision of the English act under which the question of the inadequacy of the consideration, if raised, must be raised within a period of two years.

Mr. BENNETT: That is by other than the allotee?

Mr. CAHAN: No, by the allottee. In 1929, after the revision of the whole matter of company law had been considered for many months by a most eminent commission in England, they inserted a new section 41 dealing with allotments made by a company in contravention of the provisions of the act. There is a provision as to the liability of any director who knowingly permits any such allotment in contravention of the act, and it proceeds:

Provided that proceedings to recover any such loss, damages, or costs shall not be commenced after the expiration of two years from the date of the allotment.

It is so difficult to ascertain, after a lapse of years just what was the value at the time. This question was also discussed by the Macmillan committee in England, and the report of that committee, dealing with company issues, states:

In that year (1928) the total amount subscribed for capital issues whether of shares or debentures of 284 companies was £117,000,000. At 31st May, 1931—

Only three years thereafter.

—the total market value of these issues as far as ascertainable was £66,000,000 showing a loss of over £50,000,000 or about forty-seven per cent. In fact the public's loss has been greater since many of these shares were no doubt sold by the promoters at a high premium. Still more striking, perhaps, seventy of the above companies have already been wound up and the capital of thirty-six others has no ascertainable value. The issues of these 106 companies during that year amounted to £20,000,000.

My own comment is that apparently their capital evaporated. That is not confined to companies that received property; it includes companies that received cash consideration for their share. I notice in a statistical report issued only a few months ago by Roger W. Babson, who is regarded as a reliable statistician in connection with United States business affairs, the following statement is made:

In this current depression we find conditions unusually similar to those existing in all previous major depressions. Failures have been exceptionally heavy; thousands of banks have been forced to close; some receiverships have taken place and many are threatening. Commodity prices reacted about 40 per cent from the 1929 high point. Bonds had the sharpest declines ever witnessed, and the values of all stocks—

That is, in the United States—

—declined from approximately ninety billions of dollars to less than sixteen billions of dollars, a drop of 83 per cent since the latter part of 1929.

That statement was called to my attention for the purpose of illustrating to me that a property might have been transferred as adequate consideration for shares in 1928, and yet owing to the depreciation in values it would be very difficult indeed in 1935 to determine, in relation to 1935 prices, whether an adequate consideration had been received for the issue of those shares. And it has been strongly impressed upon me that there should be a limit of time. We might not accept the English term of two years, but it might be three years, or four years. It has been suggested however that one who takes shares for property should be exempt unless action is taken within a reasonable term. Otherwise it is impossible to marshal the facts by way of defence to such action.

Mr. ILSLEY: I think this subject is worthy of clarification. We have section 15 of the bill which contains a proposed enactment of section 96B of the statute, and which deals with the subject of adequate consideration.

Mr. CAHAN: The new section 96B is a penalty clause.

Mr. ILSLEY: Yes, that is right. It imposes a penalty upon directors, among others, for doing what is forbidden by section 5. When I say it needs clarification I do not mean that I can clarify it to any great extent, but I am speaking in the presence of some able company lawyers, and perhaps they will be able to do so. I have had very little experience with the Dominion Companies Act—practically none. In the province of Nova Scotia where I have incorporated companies we have used the old English provision whereby an agreement is filed when property is transferred to the company and shares taken in consideration of the property.

Mr. BENNETT: The adequacy of consideration does not arise.

Mr. ILSLEY: No. We never considered that the adequacy of the consideration arose, at all. No matter how insignificant the property turned in, if we had an agreement covering it, that was sufficient.

Mr. CAHAN: I am afraid the hon. member is under a misapprehension as to the effect of the agreement in case the consideration is entirely inadequate.

Mr. ILSLEY: In the light of some decisions which have been brought to my attention I think probably we did take too much for granted.

Mr. BENNETT: Nevertheless, it was quite a general practice.

Mr. ILSLEY: Yes. We never had any trouble incorporating companies in that way. I am not sure what the effect of the Dominion Companies Act would be. To begin with, there is no section in the Dominion Companies Act at the present time which states specifically that shares are issued subject to being paid for in full. The section which has the nearest application is section 45 of the act.

Mr. BENNETT: Is there not one respecting discounts?

Mr. ILSLEY: Subsection 2 of section 45 states:

> The liability of a shareholder in respect of any share held by him in the company in respect of which he is liable as a shareholder shall be limited (a) in the case of a share with nominal or par value to the amount unpaid thereon and (b) in the case of a share without nominal or par value to the amount of the consideration for which the share was issued by the company which is unpaid thereon.

Before the passing of that section last year there was a section in the previous act which appeared positively to impose a liability upon a shareholder to pay to the liquidator—

Mr. CAHAN: What was that section?

Mr. ILSLEY: I am sorry I cannot give the number, but the section gave a creditor the right of action. It may have been merely procedure.

Mr. CAHAN: Quite so. The hon. member is dealing with the section which gave a creditor the right of personal action. If he will allow me to say so, we repealed that section, because it led to notorious inequalities. It was an old section adopted from early times from some New England statutes before we had a Winding-up Act or an Insolvency Act, and which enabled a creditor who had obtained a judgment against a company to proceed by scire facias against an individual shareholder. The result was that cases arose in Canada in which such proceedings were taken, and in which one creditor by proceeding independently got full compensation from shareholders who had not paid up, while other creditors were left without any share in that consideration and without any possibility of recovering.

After the most careful discussion with the lawyers throughout the country we came to the conclusion that that process led to such gross inequalities that it should be repealed so that under the Winding-Up Act or under the Bankruptcy Act such assets as there were should be distributed equally. Now any creditor who has a claim of $500 against a company, which is not paid, may not recover individually, but he may take necessary proceedings for the winding up of a company and the equitable distribution of its assets, or he may proceed under the insolvency and achieve the same end. That is the reason that section was repealed.

Mr. ILSLEY: Whatever the reason may be, the view has been expressed to me that the joint effect of section 45 and section 5 and that part of section 15 of the bill enacting section 96B is to do away with the rule that shares cannot be issued at a discount.

Mr. CAHAN: I differ from my hon. friend. I believe I have heard that suggestion elsewhere. Directors under our law as administered in all the English provinces, and as administered under the civil law in Quebec where they follow the English decisions, are deemed to be trustees, and are liable as such in respect of the administration of their office. I prefer that equity law which obtains in the English provinces and the civil law of Quebec as a means of enforcing the directors liability rather than any provisions in express terms such as the hon. member has suggested. There is no statutory provision under the English law, although since 1929 they have abolished this provision with regard to filing agreements disclosing the consideration received for the issues of shares. They preferred to abolish the filing of agreements under the English companies act and leave it to the courts of England to determine the trustees liabilities and obligations.

Mr. ILSLEY: There may be some difference between the English companies which are incorporated by memorandum of association and these companies which are governed by the Bonanza case.

Mr. CAHAN: Not as to the liability of shareholders.

Mr. ILSLEY: I do not know about that. I do not put my views forward with very much confidence but that suggestion has been made. Let me try to make clear what

I have in my mind. If we pass these sections it is nowhere stated in the act that the shares have to be paid for in full. Section 45 says that the liability is limited to the amount unpaid on the shares, and this says that that consideration for the shares must be adequate.

Mr. CAHAN: Up to the par value.

Mr. ILSLEY: If it stated that it would probably do away with the difficulty, but the view has been advanced by persons who have some knowledge of company law that with these two sections, with section 45 merely imposing a negative limitation on the liability—not stating that they must be paid up in full, that they cannot be issued at a discount—and this section which says that the consideration for the shares must be adequate, that is the property, cash or service consideration, then by implication it is possible to issue shares at a discount under this bill as it is drafted, and that of course is undesirable. The sections have a different object altogether. It is to prevent the issuing of shares for less than adequate consideration. I suppose—the minister will correct me if I am wrong—that the desirable thing is that if the shares are shares having a nominal or par value everything should be done to assure that the allottee of the shares shall pay for them in full, whether he pays $100 cash for a $100-share or whether he gives $100 worth of property. That is the objective we are working towards. In the case of no par value shares the value placed on the books of the no par value shares shall be deemed to be the par value of the shares, and that amount shall actually go into the company as the capital of the company. That I think is what is desired. I got in touch with Mr. Wegenast to find out what he had to say about this and he sent me this telegram which I am authorized to read:

> Re proposed section 96B would undoubtedly make more difficult to bring home responsibility for stock watering. Present law requires consideration to be not merely adequate in all circumstances but to be equivalent of par value or issue price of stock although in some cases courts have shown reluctance to go behind honest decision of directors, see authorities collected page four ninety-four of my book. Simplest statement can make is that few if any cases I know that have succeeded against directors or promoters for stock watering would have succeeded under provisions like 96B.

I asked him how he would correct it in the act and I will send over to the minister his suggestions.

[Mr. Ilsley.]

Mr. CAHAN: I have read Mr. Wegenast's book and his citations of such cases. If the hon. gentleman has any amendment to suggest, let him suggest it. Let us get down to the heart of the thing.

Mr. ILSLEY: I will finish what I have to say. It is suggested under 96B which we have not yet reached—

Mr. CAHAN: Would my hon. friend allow me one moment to explain? Section 96B is an entirely different section with an entirely different purport and intent from the section which we have under consideration, which is section 5. Section 5 deals with the person subscribing for shares paying adequate consideration therefor, but sections 96A, and 96B do not refer to subscribers for shares but impose penalties upon directors if they issue shares without adequate consideration. So the purposes in view are entirely different.

Mr. ILSLEY: They are both directed to the same end.

Mr. BENNETT: One is complementary to the other.

Mr. ILSLEY: Yes.

Mr. CAHAN: One is an imposition of penalties on directors and the other has to do with the civil liability of the shareholders.

Mr. ILSLEY: I realize that, but the adequacy referred to in these sections should be related to the par value or the issue price of the shares. But there is nothing to relate the adequacy of the consideration to the par value or the issue price of the shares.

Mr. CAHAN: What else could it relate to?

Mr. ILSLEY: Well, whatever the court thinks under all the circumstances the shares are worth. That is what it says—"what may justly be deemed in all the circumstances of the case adequate consideration therefor." My hon. friend from Shelburne-Yarmouth suggests that section 45 does it but I am saying that perhaps it does not. It merely fixes an upper limit. It does not state there is a liability to pay up to the full value at all. There should be a section of the act reading like this:

> Every shareholder shall, until the whole of the par value or the issue price as the case may be, of his shares shall have been paid up, be liable to pay to the company or to its liquidator or to the trustee in bankruptcy of its estate any amount unpaid on such shares.

That is a positive imposition of liability which does away with any implication such as I have suggested. I am going to suggest that section 96B, which is complementary, so

I do not think there can be any objection to discussing it now, be amended by adding this clause:

Nothing in this section shall have the effect of relieving any director or promoter from any liability to which he would have been subject at common law or the civil law before the passing of this section, or of preventing any suit or proceeding in respect of any such liability.

With these amendments I do not see any objection to these sections as they are drafted, but without them I suggest that they may not do their work.

Mr. CAHAN: If the hon. member will move his amendment and it is approved, it will be adopted of course, but where I do disagree entirely with the suggestion of the hon. gentleman and with the suggestion of Mr. Wegenast is this: If we are to continue the common law liability and the civil law liability, let us do so. It proves adequate in my experience. I have certainly in connection with one railway company made scores of shareholders pay up because the consideration paid was inadequate, as my hon. friend may read in the reports of the supreme court of Nova Scotia. There is no doubt as to what the liability is if you apply the law of trusts and trustees, which applies in all the English provinces, or if you have recourse to the civil law of the province of Quebec, but why render a statute complex by attaching to it the common law or the civil law. Let us have one liability or the other. This section 5 as drawn, in the opinion of the Department of Justice which drew it, covers the recommendation and the very terms of the recommendation of the commission. I suggest that the commission of which my hon. friend was a member in making that recommendation should have studied the matter more closely and taken one alternative or the other. So far as I am personally concerned I am ready to take any alternative which this committee accepts, but we cannot accept both.

Mr. ILSLEY: The commission was not a commission of lawyers or draftsmen; it was a commission making certain recommendations which it was expected would be put into proper form by the draftsmen. The language of the recommendations was general and the language has been greatly changed. I do not say the change has been for the worse. The language used by the commission could not have been put in statutory form and it was not intended as such. I do not think it is correct for the minister to say that we should have drafted this at the time we made our report.

Mr. CAHAN: You should have decided as between statute law and common law. That is all that I am suggesting.

Mr. BENNETT: I confess that it has been a matter of concern to me to know just how to cure the difficulties to which the hon. member and other hon. members have referred. I wonder if we said something about the shares not being sold at a discount, or fixed an amount which could not be exceeded, would we not meet some of the difficulties? The English statute in the terms in which the minister has just read it represents the statute as it was finally settled at the instance of Mr. Asquith. At that time difficulties arose in England in connection with the inadequate value of properties being turned over to companies for large numbers of shares, in the days of the great promotions. This resulted in a commission being appointed under the chairmanship of Mr. Frank Crisp, an eminent solicitor who was made a baronet for his services. He prepared the statute which was put through the English house, assisted by others. I recall very vividly the discussion which took place as to how one might overcome the difficulties to which attention has been directed this afternoon. The different provincial legislatures have endeavoured to deal with this matter and I sent out and got a case which I recalled being before the supreme court. This was an Alberta case, and as the minister has said, the court had to draw a very clear distinction between those who were the original beneficiaries of the stock watering and those who acquired the shares for valuable consideration after they had been issued fully paid. That distinction has been carried through all the cases. When we get down to having a declaration of the consideration in cash or services or property I find it very difficult to accommodate my mind to the thought that those points are not so elastic as to permit of almost anything.

That is my difficulty. Should we do something in the way of deciding the discounts at which the shares should be issued, or providing that they could not be issued as fully paid up at a discount of more than so much? When I buy a share in a company I assume that one hundred cents in the dollar is being paid into the treasury, and when I discover that because of property or services which have been exchanged for shares, the shares have a value of only twenty-five cents on the dollar I find my investment rather bad. How are we going to cure this? I am curious to hear the amendment which has been suggested by Mr. Wegenast. I have been informed that when the Department of Justice

were considering these sections they gave considerable thought to them and the difficulty of arriving at any single conclusion was just as great then as it has been here this afternoon. We all would like to see this done, but how are we going to do it? Is there anything in the statute as it now stands in connection with the sale of shares at a discount? I confess that this afternoon my mind is not working sufficiently to remember that.

Mr. CAHAN: If its par value represents one hundred cents on the dollar, nothing can be adequate as compensation for that share unless it is adequate to the extent of one hundred cents on the dollar. There is no doubt of that in my mind.

Mr. BENNETT: And the test of that?

Mr. CAHAN: The test of that rests with the courts. We can go on and provide, as they have provided by section 47 of the English act, that it shall be lawful for a company to issue at a discount shares in the company of a class already issued. When you are first issuing shares having par value they must represent one hundred cents on the dollar of par value although there is no express provision in the 1929 English act to that effect.

Mr. BENNETT: They overcome that by the provision in connection with the commission on sales.

Mr. CAHAN: In order to allow a company, the value of whose assets has depreciated, to secure new capital at a discount, section 47 of the English act provides that the issue of shares at a discount must be authorized by a resolution passed at a general meeting of the company and must be sanctioned by the court in practically the same way as a compromise arrangement. The resolution must specify the maximum rate of discount at which shares are to be issued. But the English act assumes that when you so provide for a discount there must be compensation paid for the shares and in respect of shares with par value, that compensation must be the par value less the rate of discount. I have heard a suggestion to that effect made from time to time and if the hon. member for Kings-Hants wishes to move that amendment we will consider it.

Mr. ILSLEY: This would not be an amendment to this section, it would be a new section. I move:

That the following section be inserted between sections 45 and 46 of the act:

45A. Every shareholder shall, until the whole of the par value or the issue price, as the case may be, of his shares shall have been paid up, be liable to pay to the company or to its liquidator or to the trustee in bankruptcy of its estate any amount unpaid on such shares.

[Mr. Bennett.]

Mr. RALSTON: As the Prime Minister has pointed out, this section 45 is an important one and I think further consideration of the verbiage of the section would be justified. The Secretary of State has referred to the liability of a shareholder who is not an allottee.

Mr. BENNETT: A purchaser for value without notice.

Mr. RALSTON: I am not sure that the case to which he referred would apply, as apparently by this section the whole transaction is made illegal. The section reads:

In no case shall any shares, whether common or preferred, or whether with or without nominal or par value, be issued and allotted as fully or partly paid up for less than what may justly be deemed in all the circumstances of the case adequate consideration therefor—

Where a share was, contrary to this provision, wrongfully or illegally issued as fully paid up, that share might be tainted in the hands of anyone who might obtain it from then on.

Mr. BENNETT: That is just what they held in the case from Alberta.

Mr. RALSTON: That is my fear there. This brings me to the point made by the Secretary of State. It may be possible that a time limit could be imposed such as that contained in section 41 of the English act. I think that section applies to the time limit within which an allottee of shares may revoke his allotment and reject his subscription on the grounds of fraud and misrepresentation. The same idea could be made apply here so that one who bought shares could feel that the bars were up and no action could be brought. Section 157 of the English act provides a time limit; anyone who has parted with his shares for one year is not longer liable. But I realize that that does not apply to the case in point.

Mr. BENNETT: The last English act.

Mr. RALSTON: That still leaves the present holder of the shares liable, if my theory is right, that he is holding shares illegally issued. Thirdly, with regard to what my hon. friend from Hants-Kings has said, with respect to the effect of Section 45, it is true it is only in terms a section which limits liability. I do not know whether it is correct to say it, but I have always had the idea that if a per-

son were a member of a company and the liability were not limited by statute he might be in the position of a partner and liable to the full extent of the liabilities of the company.

Mr. CAHAN: That is the law.

Mr. RALSTON: If that is the case you would not need a statute imposing liability, such as my hon. friend has suggested, because the fact that a person is a member of a company, whether his holding is to the extent of $4 or $4,000, makes him a partner and he is liable.

Mr. BENNETT: Recent authorities do not go quite so far. They pare down that theory and hold that the liability is limited by the value of the shares.

Mr. RALSTON: That may be.

Mr. BENNETT: There has been an effort to do that.

Mr. RALSTON: My hon. friend from Hants-Kings suggests that the theory is limited to companies incorporated by memorandum of association, because they are contractual as compared with charter companies incorporated under this act. I had the idea that if it were not for the fact that the provision of the statute limits liability, the liability would be unlimited. However, my hon. friend feels that he wants to go the other way about it and put in a positive section imposing liability. Section 157 of the English act does. I am not sure that we are talking by the book, because it may be that the Winding-up Act does it.

Mr. BENNETT: The Winding-up Act defines the measure of liability but it does not make it unlimited. I am speaking from memory, but I do not think it does.

Mr. RALSTON: The English act imposes a positive liability on the shareholder, which my hon. friend says is not contained in section 45 as it stands. Coming back to section 5 again, I suggest to the Secretary of State that it would be worth while if he allowed the section to stand. May I refer however to subsection (10), which prohibits what have come to be known as management or control shares. I have received several representations with regard to this matter to the effect that there does not seem to be any point in making this subsection apply to what we know as private companies, that is, companies whose shares are not subscribed for by the public, the transfer of whose shares is restricted, and companies the number of whose shareholders is limited. I understand that there are companies owned largely by foreigners which pay some revenue to this country, composed of people who live outside Canada and who hold shares which represent the equity. They have another class of shares which control the management?

Mr. CAHAN: Would it not be sufficient to strike out, at the top of page 3, the word "the" in the first line, and to insert in place thereof "a public company," so as to read "in no case shall shares of a public company of any class"—

Mr. BENNETT: It is the public company aimed at, because of difficulties that arose in consequence of financial control, I will not say by exploiters but by houses that took properties and dealt with them for the purpose of controlling them.

Mr. RALSTON: Groups.

Mr. CAHAN: Yesterday, the hon. member for East Kootenay (Mr. Stevens), referring to myself, said:

> The minister who introduced this legislation stated in one part of his remarks that if he were in private practice he would like nothing better than to be briefed to contest the very measures he was introducing.

That statement is entirely inaccurate and misleading. I did make reference to one subsection, and one subsection only, this subsection 10. I said I did not regard it as adequate to prevent shareholders, by private arrangement, obtaining control of a company and so control of the management of the company. One of the things most to be desired is to obtain continuity of management, and in many public companies this is not obtained by management shares. I have never incorporated a company with management shares; but I have found several ways whereby, by consent and cooperation or by agreement on the part of a majority of the shareholders, continuity of management could be maintained. That is all I had in mind at the time.

Mr. BENNETT: That is done now by the directors retiring from year to year; they do not all retire the same year.

Mr. CAHAN: I certainly was not making reference to the whole act, as the hon. member for East Kootenay improperly stated.

Mr. BENNETT: I think the section might stand.

Mr. ILSLEY: The amendment I propose comes in at this stage. The amendment would be, in form, 5 (a) to this act, and would propose section 45 (a) to the main act. I am willing to have the amendment stand.

Mr. BENNETT: They can stand together.

Section stands.

On section 6—Bylaw for consolidation, reduction, increase, etc., of share capital.

Mr. CAHAN: There is something here that should be considered. In line 12, paragraph (b), the words appear:

—consolidate all shares with par value.

And in line 15, paragraph (c), there are the words:

—consolidate all shares without par value.

I suggest that the word "all" should be changed to the word "any". My attention has been drawn by some lawyers to the fact that you could not consolidate the preferred without consolidating all the common, or consolidate the common without consolidating the preferred. My amendment, therefore, is to change the word "all" to the word "any" in line 12 and to change the word "all" to the word "any" in line 15.

Amendment agreed to.

Section as amended agreed to.

On section 7—Creation or conversion of preferred shares, etc., by bylaw.

Mr. CAHAN: Some of the lawyers have made certain verbal suggestions in connection with this section. They suggest that in paragraph (a), line 40, we should insert the word "the" after the word "for" and the word "of" after the word "issuing" in the same line—"for the creating and issuing of any."

Mr. BOTHWELL: In this particular section, what exactly is the object of doing away with the deferred shares?

Mr. CAHAN: I do not know; I have no idea what was in the mind of the commission who recommended it. Perhaps the hon. member for Hants-Kings can inform us. Deferred shares, in practice, do not usually come into the first organization of a company, in my experience at any rate; but we have had during the past four years many compromises as between shareholders and creditors representing different interests in which deferred shares are authorized and my hon. friend knows that such compromise arrangements are permitted under the act with the approval of the court. Under the supervision of a judge of the superior court of the province in which the head office of the company is, and in considering such compromise arrangements I have frequently found provisions that some of the ordinary shareholders should become deferred shareholders in order that a more equitable arrangement might be reached. I have not seen this in our Canadian practice except as arising out of such compromises.

Mr. BOTHWELL: I have been informed that this is a very useful manner of financing a company; that is, some shareholders, particularly in mining companies, are quite willing that dividends should be deferred to them until the company is in a position to pay the deferred dividends. I am not well enough versed in the matter to be able to argue the point, and I shall leave it to others.

Mr. ILSLEY: It apparently devolves upon me to justify this recommendation. In a general way I think the members of the price spreads commission felt there should be a simplification of share issues and the placing upon the market of a number of different classes of shares was confusing to the general public and led to people buying shares of a different class from the ones they felt they were buying. That, generally speaking, was what was in the minds of the commission. I am very doubtful whether our attention was specifically directed to deferred shares; I do not think it was. There was no intention to cut out deferred shares as such, but it was felt it was desirable not to have too many classes or types of shares. That is the basis of the recommendation.

Mr. CAHAN: I would suggest that we pass the section as it stands and leave the question of deferred shares for future consideration or for another parliament because to change it now it going to lead to controversy.

Mr. BENNETT: I think the minister might look at section 48 again. I think he will find that to consolidate all shares with par value—

Mr. CAHAN: We have changed that.

Mr. BENNETT: But that does not convey the meaning the minister wants to convey because it takes part of the shares; my hon. friend intends that it shall take them all.

Mr. CAHAN: It reads:

Consolidate any shares with par value, whether common or preferred.

Mr. BENNETT: The minister has changed it now. I think what they had in mind was properly expressed.

Mr. CAHAN: I can make it read:

Consolidate all common and/or preferred shares with par value.

And leave out "whether common or preferred." I have had under consideration the suggestions made both ways.

Mr. BENNETT: I think the last suggestion would cover the point.

Mr. CAHAN: It would read:

(b) Consolidate all common and/or preferred shares with par value—

And leave out the underlined words "whether common or preferred" and then continue:

—into shares of larger par value not exceeding the par value of $100 each.

Then in the next line:

(c) Consolidate all common and/or preferred shares without par value—

Leaving out the words "whether common or preferred."

—so that the authorized number of such common and/or preferred shares is reduced.

That will make it clearer.

Mr. BENNETT: That makes it clear beyond peradventure.

Mr. BOTHWELL: Why not use the term "of the same class"? You are dealing with shares of a particular class, common shares and preferred shares:

Consolidate shares of the same class with par value, whether common or preferred.

Mr. CAHAN: I would be willing to take it that way.

Mr. RALSTON: Let me register my solemn and uncompromising opposition to the use of the words "and/or" in a statute. I have seen this in charter parties and it is becoming more common in legal documents; I do not think it is good English.

Mr. BENNETT: It has been in recent English statutes for the first time, within I think the last five years.

Mr. RALSTON: I insist it is not Canadian English.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendment carry?

Mr. BENNETT: I do not want to waste too much time on this, but when I heard the minister reading it I turned it up again to refresh my memory and I think the original section covers it:

Consolidate all shares with par value of any class into shares of larger par value not exceeding the par value of $100 each.

Because we have now agreed that there shall be only two classes, namely, common and preferred therefore I think the original section covers it.

Mr. CAHAN: Then it will be:

Consolidate all shares with par value of any class into shares of larger par value not exceeding the par value of $100 each.

Mr. BENNETT: Quite so.

Mr. RALSTON: It was not intended to consolidate common and preferred?

Mr. BENNETT: No. The recommendation is limited to a class.

Mr. CAHAN: Then it will be paragraphs (b) and (c) of the existing act as they appear on the page opposite section 6. I suggest that amendment.

Mr. BOTHWELL: The amendment now is just to use paragraphs (b) and (c) as set forth on the opposite page?

Mr. CAHAN: Quite so, if my hon. friend will move that.

Mr. BOTHWELL: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 7—Creation or conversion of preferred shares, etcetera, by by-law.

Mr. CAHAN: I suggest that in line 40 instead of the words "for creating and issuing" there be inserted the words "for the creating and issuing of." I think that makes it clearer.

Amendment agreed to.

Section as amended agreed to.

Sections 8 and 9 agreed to.

On section 10—Prospectus to be filed before issue to public.

Mr. RALSTON: Something has been called to my attention on page 7, in regard to the time limit within which notice of the exercise of the right of rescission shall be given. Subsection 3, at the top of page 7, about half way through the section, contains these words:

—provided that written notice of the exercise of such right of rescission shall have been served on the company within thirty days from

the date of receipt of notice of allotment or of issuance of the securities as the case may be, or within thirty days from the date of delivery or mailing to such applicant of a copy of the prospectus filed with the Secretary of State in respect of the securities, whichever shall be the longer period.

In the first place I suggest that the words "the date of receipt of notice of allotment or of issuance of the securities" are dangerously ambiguous.

Mr. BENNETT: Which line is that?

Mr. RALSTON: That is in line 9. I think it means the date of the receipt of the notice of allotment or from the date of issuance. I do not think the word "notice" refers to the issuance, and it seems to me that it should be made clear. I believe the words "from the date" should be inserted after the word "or" and before the words "of issuance."

Mr. CAHAN: I think that clarifies it.

Mr. RALSTON: Then I submit that instead of the words "the longer period" in line 13 it should be "the shorter period" and I will tell you why. It seems to me possible that there might be no notic of allotment but simply the issuance of the security. If that is the case and a man has thirty days from the receipt of the notice of allotment or from the date of issuance, whichever shall be the longer, it seems to me that he can wait for ever for a notice of allotment and say "My thirty days is not up." In other words, no one will be able to feel that a notice of rescission can be avoided until he has actually sent notice of allotment. It seems to me it is quite sufficient if I get a notice of allotment of shares and give my notice of rescission within that time. If I get no notice of allotment, but if the shares are issued, or if a copy of the prospectus is filed and I give my notice of rescission within thirty days, that would seem quite sufficient, instead of making it possible that the right to give a notice of rescission may never be foreclosed by reason of the fact that no notice of allotment is ever received.

Mr. CAHAN: I have no objection to those amendments. I have been in the habit, as I am sure the Prime Minister has, when providing for sending a notice of allotment to make provision for the issue of the shares with it. However, I think the suggestion of the hon. member for Shelburne-Yarmouth meets the difficulty, and I accept it.

[Mr Ralston.]

Mr. RALSTON: The amendment is to substitute the word "shorter" for the word "longer" in line 13 and to insert the words "from the date" after the word "or" in line 9.

Amendment agreed to.

Section as amended agreed to.

On section 11—Distributable surplus.

Mr. BOTHWELL: I should like to ask the Secretary of State the reason for omitting the words in italics on the opposite page, as follows:

—and the amount per share of the consideration to be received for any such shares comprised in the offer proposed to be set aside as such distributable surplus.

Mr. CAHAN: There was a provision of the former act, which enabled the directors at any time to set aside a distributable surplus, out of part of the capital, without the unanimous consent of the shareholders. Now that whole method is abrogated and repealed, and this limited setting aside is restricted to the provisions of subsection (7) of section 12 of the act, which restricts it very much. I have limited it to what is expressly authorized in that subsection.

Mr. BOTHWELL: Then after this act goes through how is it going to be possible to arrive at the price of the no par value shares? This was one method by which the issue price of no par value shares was fixed, and I should like to know how it is going to be possible to arrive at that price now.

Mr. CAHAN: The issue price of no par value shares hitherto has been fixed at the time of the allotment and subscription, but the amount that could be set aside as distributable surplus might be fixed at any time, one, two, three or four years after that. We have abolished all that; and in drafting this section, for which I am responsible, I simply reverted to the new subsection (7) of section 12 and restricted such setting aside to that only. All this other manoeuvering goes by the board and is prohibited.

Section agreed to.

On section 12—No dividends when company insolvent.

Mr. RALSTON: I was going to ask the Secretary of State if he would consider an amendment which would restrict the effect of this section to a so called write up made within three years of the date of the declaration. The section prohibits the declaration of a dividend when the company is insolvent,

and it says that in determining the solvency of the company no account shall be taken of any increase in the surplus or reserves of the company resulting merely from the write up of the values of the assets of the company I think that is a good principle, but it seems to me that write ups may have occurred long before the declaration of the dividend which is attacked, and that it would be well to insert some time limit. Since three years is not an unusual time limit under the English act I suggest that.

Mr. BENNETT: What would be the effect of that?

Mr. RALSTON: The effect would be that in determining the solvency of a company you would not be precluded from taking into consideration write ups made more than three years before the declaration of the dividend.

The clause to be added would read:

—if such writing up has been done within three years preceding the date of such declaration.

Mr. CAHAN: I think we might have a limit. I have no doubt the hon. member for Shelburne-Yarmouth has received from various accountancy firms and associations suggestions such as I have received, namely that, in respect of companies which have had long careers, from time to time appraisements writing up assets have been made and from time to time very considerable amounts of revenue have been set aside for depreciation. The records are of such doubtful accuracy that you cannot go back through the whole history of the company and determine just what the write up has been. You write up and you write down, and it seems to me a term of three years is short.

Mr. RALSTON: I have no great preference in the matter; like the Secretary of State, I have received letters from about six different people in which my attention has been called to different sections. It seems to me there ought to be provision so that if a write up has been made at a sufficiently remote date it would be effective for the purpose of determining the solvency of a company at a later date. I believe five years would be as good as three.

Mr. BENNETT: Five years would probably be in the best interests of the shareholders themselves.

Mr. CAHAN: I should think so. And further than that, through the ordinary changes in directorships a director would not of his own knowledge know about write ups for more than five years anterior. He would have to accept the statements of the auditors.

Mr. ILSLEY: When he introduced the bill, or upon second reading—I am not sure which—I believe the minister stated that this was the law, anyway, and that no enactment was necessary.

Mr. BENNETT: It would be, up to the addition of the words about determining the solvency of the company. That is the law, up to that point. These new words were not the law.

Mr. ILSLEY: I believe that is correct.

Mr. BENNETT: I think that is what the minister had in mind. I believe the suggestion of the hon. member for Shelburne-Yarmouth should be acted upon.

Mr. CAHAN: I suggested that with regard to the latter part it might be limited. The only question is as to what would be a reasonable limit.

Mr. RALSTON: I have asked the same question the Secretary of State has asked, namely, as to the possibility of determining when the write up had been made.

Mr. CAHAN: Would there be any objection to having a term of five years?

Mr. BENNETT: I imagine the injury aimed at arises through the appraisal companies—

Mr. RALSTON: —appraising every shingle nail and every brick.

Mr. BENNETT: Yes. I saw one set, showing reproduction costs less depreciation, and when they finished it the property was worth about five times what it stood at in the books of the enterprise.

Mr. RALSTON: And about five times what it cost when it was built.

Mr. BENNETT: Yes, I believe that is true, too, because of the difference in cost now as compared with the costs at the time of building. The only question seems to be that of deciding whether it should be three or five years, or some other time. I believe there should undoubtedly be some time limit.

Mr. RALSTON: I believe five years would be fair.

Mr. BENNETT: Because, as the minister has said, there is a continuous reduction by depreciation allowance.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendment carry?

Mr. BENNETT: How would it read; we want to make the section clear.

The CHAIRMAN (Mr. Smith, Cumberland): I have it in this way:

That there be added to section 12 the following words: "if such writing up has been done within five years preceding the date of such declaration."

Mr. BENNETT: I think that is all right.

Mr. RALSTON: Would the committee prefer this wording: "unless such writing up has been done more than five years preceding"?

Mr. BENNETT: That would be better.

Mr. CAHAN: I would suggest "shall have been made" rather than "done."

Mr. RALSTON: With my suggestion it would read: "more than five years before the date of such declaration."

The CHAIRMAN (Mr. Smith, Cumberland): The suggested change would be, including the various suggestions, "unless such writing up shall have been made more than five years before the date of such declaration."

Amendment agreed to.

Section as amended agreed to.

Sections 13 and 14 agreed to.

On section 15—Statement by director of personal account.

Mr. CAHAN: I believe this section most certainly should apply only to public companies. I refer to section 96A of the act. The shareholders are limited. I was going to suggest that section 96A (1) should read: "Every director of a public company" shall do so and so. Then in subsection (2) it would read: "No director of a public company shall speculate" and so on,—because the shares of a private company are not listed on the stock exchange.

Mr. RALSTON: The same change would be made in subsection (4).

Mr. BENNETT: And in subsection (5). I should think those changes would be desirable.

Mr. CAHAN: Yes, the suggestions have come from many sources. Then, if those changes are agreeable I should like to ask that similar amendments be adopted with regard to section 96B.

Amendment agreed to.

Mr. RALSTON: In connection with section 96A I should like to make another suggestion. I believe there is a chance for misunderstanding or misapprehension in connection with the time of delivery of shares. In subsection (3) the word "speculate" is defined as "trading in securities in the course of successive and continuous acts; selling a security where the director does not own the security sold, or, if owning the security, does not deliver it against such sale within twenty days thereafter, or does not deliver the same within five days after such sale by depositing it in the mails or other usual channels of transportation." It seems to me that there is a question as to whether or not those two provisions are limited to five days instead of twenty days. I would suggest that the delay for depositing in the mail be the same as the delay for delivery against sale. I do not know what reason there can be for the difference. In other words, the word "five" should be changed to "twenty."

The CHAIRMAN (Mr. Smith, Cumberland): The hon. member refers to the word "five" in line eighteen of the section?

Mr. RALSTON: Yes.

The CHAIRMAN (Mr. Smith, Cumberland): And suggests that it be changed to "twenty"?

Mr. CAHAN: I have no objection.

Mr. BENNETT: Does the hon. member realize what is meant?

Mr. RALSTON: No.

Mr. BENNETT: I believe it means that twenty days are allowed against it, but that he shall put it in the mails within five days of the twenty. That is, there are twenty days in which to perform a transaction, but it must be mailed. If the change would make it clearer it would not be objectionable. It was not intended that the time be limited to five days.

Mr. RALSTON: The Prime Minister thinks that five days are part of the twenty days?

Mr. BENNETT: Yes, he has to put it in the mail. He must put it in the mail or the usual channel of transportation within five days. He must complete the sale within twenty days, and must begin the process of completion within five days by putting it in the mail or some other method of transportation. I believe that is the rule of the stock exchanges in connection with some of these matters. That is, he must put it in the mail within five days of the date of the sale, but it must be completed within twenty days. Is that not the real meaning of the section?

Mr. CAHAN: Yes, I had that in mind. If he actually delivered the security, himself, he could take twenty days to do it—that is, if it were delivered by physical delivery. But if he were delivering it by mail, by express or through other channels of transportation then at least he ought to deliver it into the mail or to the express company in the five days, no matter what time it might reach its ultimate destination.

Mr. RALSTON: If I may be permitted to use a slang expression, I would say that that is pretty snappy.

Mr. BENNETT: Yes, I think perhaps it is. Five days would be a limited time, if a holiday or a Sunday intervened.

Mr. RALSTON: The stock has to be transferred, he has to have a new certificate and whip it into the mails, or he would be a speculator.

Mr. CASGRAIN: Yes, give him a chance.

Mr. BENNETT: I scarcely think it means that he has to complete it; I think it means that he has to have it properly endorsed and in the mail. But even five days would be a very short space of time if the stock exchange closed on a Friday and Saturday and Sunday intervened.

Mr. RALSTON: And if Monday happened to be the King's birthday.

Mr. CAHAN: If he sells he must deliver within a reasonable time; that is the point that has to be protected.

Mr. BENNETT: You might say within a reasonable time, without undertaking to define it. You might leave out the question of the mails altogether and let him take his chances on putting it in the mail or other means of transportation.

Mr. RALSTON: Is delivery in the mail good delivery? I do not know what the rules of the stock exchange are, whether it would be regarded as good delivery. I like the alternative which the Secretary of State provided, that a man might put it in the post office and say: There, I have made my delivery.

Mr. BENNETT: I frankly think it would not be regarded as good delivery to put it in the mail. The trust companies that act as transfer agents, if my memory is correct, require someone to appear in person with the documents, and that is the reason you see so many clerks going around in the morning making deliveries. I speak subject to correction on that but my own experience is that they require someone physically to deliver them, that if I have a transfer to make I have to send it to some friend of mine who is in a business way and he sends his clerk up to the trust company to have the transfer made. Any reference to the mails might complicate it. This is a tremendously harsh section in many ways. You perhaps might say, "deliver against such sale within twenty days thereafter," and leave out the rest.

Mr. RALSTON: I do not know enough about it to know whether there is any case in which you could not actually make physical delivery. It might be impossible in some cases. I think it would be as well to allow it to be dropped in the post office. You might say: Fifteen days in the mail or twenty days delivery. That would give five days to cover the time mentioned by the Secretary of State in which it is in transit to the transferee.

Mr. CAHAN: Suppose you are making delivery in London; of course, twenty days in the ordinary case would be sufficient, but one who is trying to escape this penalty might reasonably argue that if he has delivered the same to the express company or to the mail within a certain limited time, such as five or six or seven days, he would thereby be relieved of the penalty.

Mr. BENNETT: My difficulty is how you can prove what is in the envelope when you put it in the mail.

Mr. CAHAN: It is the same when you prove the contents of a registered letter in the mail. I suggest, Mr. Chairman, that we change the word "twenty" in line seventeen to "thirty", that a semicolon be put after the word thereafter in the same line, and that we strike out the words "or does not deliver the same within five days after such sale by depositing it in the mails or other usual channels of transportation."

Amendment agreed to.

Mr. BENNETT: Something should be done about giving publicity to this at the very earliest possible moment because there may be innocent people, directors of companies, for instance, who have no idea how stringent the provisions of this law are.

Mr. CAHAN: I have had that called to my attention especially with regard to sections dealing with accounting, and it has been suggested that we should have the usual clause for bringing this bill into force by one or more proclamations, that we might bring

the whole act into force at once with the exception of certain clauses which might require sixty days' notice.

Mr. BENNETT: I would fix a date and say this section comes into force on the first day of——month in——year.

Mr. RALSTON: Could you not make the whole act come into force at some particular time, some time to get by the accounting period, say the first of September?

Mr. BENNETT: Reading this section it struck me that it is a section of extreme severity. When I first saw it and discussed it with the Secretary of State I wondered whether it was capable of being actually put into force. Looking it over since I see that it is, but there will be a lot of people who will be violating a law who think that they are violating none. I have frequently come across directors who were buying shares and thought that they were not doing wrong. This section is very severe. Perhaps we should say that the whole act will come into force at a given date, the first of July, August or September.

Mr. CAHAN: I have discussed that with a number of those interested, some of the stock exchange people, and the suggestion was that we should insert a new section at the end as to the act coming into force in whole or in part, and then we could fix a particular time for certain sections that involved drastic penalties.

Mr. BENNETT: I think the first of September for the whole act might be all right.

Mr. BRADETTE: I want to refer to section 96B which speaks of "adequate consideration in cash, property or services." Cash payments are always a tangible thing, and the same applies to property, but it is often hard to arrive at an accurate conclusion as to services. It is in that connection that most of the abuses have arisen in my section of the country, leaving mining aside altogether. I think it would not be beyond the power of this committee to establish a certain rate for services. The Secretary of State may not be aware of it, but in certain cases the services for the promotion of certain companies are obtained on a cash paid basis and also on the basis of the actual value of the property. I think the purposes of this bill will be defeated unless we find it possible to remedy that situation.

I do not think anyone in the country will quarrel with the principle of this bill as it is a step forward in the remedying of the evils of monopolies. Both the Secretary of State and the committee are aware of the single liability of promoters in stock companies. This is one of the great causes of abuse in this country. The small store-keeper, the small mill owner or the small business man who is forced into bankruptcy may lose all his assets while the man who has invested his money in a limited stock company is responsible only for the amount he has paid in. We have a double liability provision in connection with shareholders in banks and I believe it would be a step in the right direction to provide that shareholders in stock companies shall have at least a double liability. This would be one of the best means of remedying the abuses of monopolies. The small store-keeper may lose even his personal belongings while the man who has invested in the limited company is responsible only for what he has paid in.

I notice the mining companies are not included and I believe this is due to certain provincial laws, more particularly the blue sky laws of Ontario. When those laws are carried out it is practically impossible to have anything but proper promotion of companies. I should like the Secretary of State to consider a more definite description of the services to be rendered and consider also the putting into effect of a double liability in connection with shareholders.

Mr. BOTHWELL: Would it not be possible to delete the words "or is to receive" in line 44? The section would then read:

> It shall not be lawful for the directors or promoters of a company to authorize the issue and allotment of any shares of the capital stock of the company as fully paid up unless the company receives what may justly be deemed,—

Mr. CAHAN: Shares may be allotted payable ten per cent on allotment and then the rest payable on call within a certain definite time. The allotment is for full consideration and although only part payment is received there is a contract to pay upon call. The words "or is to receive" mean that the company is entitled to receive.

Mr. BOTHWELL: This section provides authorization for the issue and allotment of shares and it provides for the payment by services. According to the construction I put upon it, it means that the directors of a company could issue shares as fully paid up for services to be rendered some time in the future.

Mr. CAHAN: It was not intended that future services might be part of the consideration.

Mr. BOTHWELL: We should not make it possible for directors to issue shares for services some time in the future.

Mr. CAHAN: I do not think that should be done.

Mr. BOTHWELL: That appears to me to be the interpretation of the section and I believe those words should come out. In this connection I should like to refer to the case of the Toronto Finance Corporation Limited and Cook versus Banking Service Corporation Limited, reported in 59 Ontario Law Reports, in which Mr. Justice Hodgins used these words:

> I can find no case where personal services to be rendered in future were held to be a proper consideration for the payment up of shares.

He then proceeds to quote the opinion of judges in England to the same effect and argues throughout that it would not be advisable under any circumstances to permit a company to issue shares for services to be rendered.

Mr. CAHAN: I quite agree with that.

Mr. BOTHWELL: Is that not the interpretation to be placed on this clause? It reads that way to me.

Mr. CAHAN: I might be engaged as a manager of a company at a salary of $4,000. It would be quite possible to make a collateral agreement under which I would have the right to take shares in the future by paying cash from time to time.

Mr. BOTHWELL: But the shares would be issued.

Mr. CAHAN: This section does not refer to the actual issuing of shares it refers to the authorization for such an issue. That is, you cannot pass your resolution or by-law to authorize the issue or allotment of any shares unless the company then receives or is thereafter entitled to receive the full consideration therefor. Does the hon. gentleman think that that is not positive enough?

Mr. BOTHWELL: I think we should leave out the words "or is to receive." In connection with receiving goods or services, Cairns, L. J., used these words:

> Goods might not be supplied at all, or they might be supplied of such a quality that they ought to be rejected, and the remedies against the shareholder might be unavailable, while the other shareholders had all along been paying in cash. If the agreement was ultra vires of the directors, then, since it must be taken as a whole, the question falls to the ground.

The late Sir Francis Gore-Browne in his work on companies referred to this case as establishing that an agreement to accept the supply of goods at a future time against calls is not valid, for that is to contract that future calls may be satisfied by damages for a breach of contract to supply the goods. The same reasoning will hold in connection with services, whether on the part of the promoter or manager of the company, or in whatever capacity such person may act. The services might not be satisfactory and the shareholders would simply be left to an action for damages instead of actually getting redress.

Mr. CAHAN: I am perfectly willing to leave out those words.

Mr. BOTHWELL: Then I move that these words be struck out.

Mr. RALSTON: They will never have received consideration when the authorization was given. The case will never happen where a company has actually received consideration at the time the authorization is given. Every case in which consideration will be received by the company will be after authorization, and therefore, it seems to me, the words are absolutely essential.

Mr. CAHAN: Perhaps it might read, "or shall receive."

Mr. RALSTON: With reference to the case referred to by my hon. friend, as I understand it this does not overrule that case in the slightest; it merely declares that you cannot penalize the director for authorizing something unless the company is not to receive proper consideration. The authorization may be wholly illegal so far as enforcing the contract is concerned.

Mr. BOTHWELL: Why, then, should not the directors be penalized in that case?

Mr. RALSTON: I would not penalize the directors for not having actually received consideration before authorization; I would not penalize them for not insisting on consideration before authorizing. The directors meet and say, "We authorize the issue of ten shares of stock to Jim Jones, the bookkeeper of the company, after his first six months, and we authorize the president and the secretary to issue these shares when the service is completed." After the authorization is given the services are to be performed.

Mr. BRADETTE: Under this act they are to be illegal.

Mr. RALSTON: No, because the issue would not actually take place until the services were performed. This is only the authorization, not the issue.

Mr. BRADETTE: They cannot be called paid up shares then.

Mr. RALSTON: They will be paid up shares when they are issued.

Mr. CAHAN: The directors are liable jointly and severally to make good to the company the amount by which the consideration actually received by the company for any shares so issued and allotted is found by the court, after full inquiry into the circumstances of the transaction, to be less than the amount of the consideration which the company ought to have received for such shares. As to the passing of the resolution, they shall not pass the resolution unless the company is to receive consideration.

Mr. RALSTON: I suggest that this section ought to stand with section 5 because the same term is used.

Mr. ILSLEY: I wish to move the amendment I read some time ago.

Mr. CAHAN: We will let it stand. Personally I think it is going too far. Let us have a statutory obligation and duty or else let us rely on the common law; but the mixing of the two obligations might lead to endless complications.

Mr. BRADETTE: What machinery will be set in motion to arrive at the value of the services rendered?

Mr. CAHAN: It is not for the Secretary of State to decide that.

Mr. BRADETTE: But the minister must know what machinery will be used.

Mr. CAHAN: The Secretary of State does not control resolutions passed by ten thousand companies of which he has no knowledge. But if complaint is made, the Secretary of State may have expert accountants examine into these matters. Hereafter the Secretary of State will be relieved to a large extent of that duty because he can at once refer it to the new board for investigation.

Section stands.

On section 16—Voting rights.

Mr. RALSTON: What is the purpose of inserting this section? It seems perfectly proper to have one share one vote, unless the bylaws prescribe otherwise. It is a new section; why?

Mr. CAHAN: It was drafted by the Department of Justice to carry out some recommendation of the commission.

[Mr. Ralston.]

Mr. BOTHWELL: Possibly it is the outcome of some of the cases drawn to the attention of the price spreads commission. For instance, the dairy case that arose in Winnipeg was brought to the attention of the house. There a certain class of shareholders were able to overrule another class; men who had put their money into the concern had no rights at all. This provision, apparently, is inserted to give to people who invest money in a company the right to have some say in the management of it.

Mr. RALSTON: It would mean this, unless the bylaws changed it, that if there were a $50 preferred share and a $100 common share, for every $100 of preferred shares there would be two votes to one for every $100 of common stock, and the company would be controlled by people with only one-third of the total capital investment.

Mr. BENNETT: That is the real difficulty in the section, that it does not provide for shares at different par values but gives equal voting power to shares, whether of $5 or $100.

Mr. ILSLEY: The intention of the commission was to recommend that persons with equal investment should have equal voting power in the company, whatever the bylaws might say. It seems to me, therefore, that there are two things wrong with the section: it does not make provision for equal voting power for equal investment, inasmuch as it equalizes the voting power of shares which may represent unequal investments; and it makes it all subject to the provisions of the bylaws, which may nullify the whole thing.

Mr. BENNETT: It would be unfair to leave the section as it is.

Mr. RALSTON: If it is subject to the provisions of the bylaws—

Mr. BENNETT: Being subject to the provisions of the bylaws will not overcome that difficulty, because the bylaws must be in every sense consistent with the provisions of the statute.

Mr. CAHAN: Hereafter no by-law of that kind can be passed; it has to be approved by the Secretary of State. The Secretary of State has absolute control for the future; but take companies in which there has been a difference of voting power and voting power has been given to preferred shareholders and not to common, or to common and not to preferred; are we going to wipe that out by this section? As to the future the situation is pretty clear, but as to the past are we to

wipe out rights now existing and by-laws passed under them? That is not my ground; that is the ground of the Department of Justice.

Mr. BENNETT: I am sure that section should not be passed in its present form.

Mr. RALSTON: I thought by the introductory words you could change the voting power by by-law.

Mr. BENNETT: I did at first, but if you remember the new provisions of the law you will realize the situation.

Mr. RALSTON: I have not the provisions in mind particularly. I had in mind the old section 108, I think it is, which prescribed the subjects on which by-laws might be passed. I thought you could make by-laws on any of those subjects and thereby take the shares of the particular company out from under the provisions of this section. I think we ought to consider it a little further before we pass it in its present form.

Section stands.

On section 17—Details of balance sheet.

Mr. CAHAN: At the top of page 11 in the first line where it reads "other debts owing by the company," it should be "other debts owing to the company." Then in line 9 the word "the," the next word to the end of the line, should be "their," so that the paragraph would read:

Investments and securities, if any, stating their nature.

I would suggest those changes.

Amendments agreed to.

Mr. CAHAN: It has been suggested to me by a member who was unable to be present this afternoon that paragraph (e) on page 11 should be amended to read:

Investments and securities, if any, stating their nature and showing the market value of marketable securities and separately the book value of other securities.

Mr. BENNETT: I think that is a great improvement.

Mr. CAHAN: I promised the hon. member I would bring that suggestion to the attention of the committee. He said that there was often great difficulty in ascertaining the market value and this should provide for showing the market value of marketable securities and separately the book value of other securities. I make that suggestion to the committee.

Mr. BENNETT: I think that is highly desirable, for a reason that must commend itself to the members of the committee. Some securities have no market value. That is pointed out in another part of the section. In other words, they have no ready market value; they cannot be sold, and therefore the balance sheet should show what they cost the company.

On the next page at the top where it reads:

There shall be stated under separate headings in the balance sheet of the company, so far as they are not written off—

That "of" should be "off." When those particulars have been stated in a balance sheet he who runs may read. I do not think there is any chance of anybody being misled. I think the suggestion made by the minister as to showing the book value of securities when they have no market value is desirable.

Amendment agreed to.

Mr. BENNETT: At the top of page 12, as I said, that word "of" should be "off."

Amendment agreed to.

Section as amended agreed to.

On section 18—Amounts paid to directors to appear in statements.

Mr. CAHAN: This section fulfils all the recommendations of the price spreads report.

Mr. BRADETTE: As regards lines 27 to 31 on page 12, with reference to the amounts paid to a managing director and so forth, those amounts should be included in the statement.

Mr. CAHAN: They fall under subsection 2.

Mr. BRADETTE: Commencing at line 27 the section reads:

Exclusive of the amounts paid to a managing director, if any, or any other director who holds any salaried employment or office in the company and who devotes substantially the whole of his time to the business of the company or its subsidiaries.

Mr. CAHAN: If the hon. gentleman will allow me, simply to make the matter clear? We provide in the first subsection as to the amount that is paid to a director qua director but in the second subsection we have provided in line 36 that all salaries shall be shown including that of the managing director, if any, of the company, so we have that included, but the first subsection merely deals with fees of directors qua directors. As regards the officers the statement must show

what all directors who are officers, receive by way of salaries, fees, et cetera, in any other capacity. I think that makes it clear.

Section agreed to.

On section 19—Copies of financial statements to be sent.

Mr. CAHAN: There has been a printer's mistake. To carry out fully the purport of the report, the section should read:

In the case of a company, not being a private company (a)—

There should be that "(a)" there so as to indicate a new paragraph. Then I propose to insert another paragraph (b) at the bottom:

That any holder of debentures of the company shall be entitled to be furnished by the company on demand without charge with a copy of such balance sheet and the statements as aforesaid which have been laid before the company at the last annual meeting.

By some misadventure this last paragraph was left out.

I would suggest that in this section at line 11 after the words "be mailed" the words "together with the notice of such annual meeting" be left out. There is no objection to sending out the statement, but they should not be liable to a penalty if they do not put the two documents in the same envelope.

Amendments agreed to.

Section as amended agreed to.

Mr. CAHAN: We will hold section 20 because renumbering may have to be done.

Progress reported.

Mr. MACKENZIE KING: What will be the business to-night, if I may ask?

Mr. BENNETT: We will finish the divorce bills on the order paper, and I thought perhaps after that we might adjourn, because there is nothing except this bill and the other one to finish. One clause which we discussed this afternoon will take some little time to consider.

Mr. MACKENZIE KING: Could we not take up the housing bill?

Mr. BENNETT: If it is desired.

HAMILTON LIFE INSURANCE

Mr. T. L. CHURCH (East Toronto) moved:

That pursuant to special order of the house made on the sixth instant Bill Letter U2 of the Senate, intituled an act respecting the Hamilton Life Insurance Company, be now read a first and second time and referred to the standing committee on banking and commerce.

Motion agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 89, for the relief of Muriel Mabel Muttart.—Mr. Myers.

Bill No. 90, for the relief of Emile Fossion.—Mr. Bell (St. Antoine).

Bill No. 91, for the relief of Eva Bennett.—Mr. Bell (St. Antoine).

Bill No. 92, for the relief of Helen Gertrude Bryant Wilson.—Mr. Factor.

Bill No. 93, for the relief of Gladys Sarah Jenkinson Weeks.—Mr. Factor.

Bill No. 94, for the relief of Mary Elizabeth Taylor Nicholson.—Mr. White (Mount Royal).

Bill No. 102, for the relief of Jean Taggart Harfield.—Mr. Vallance.

Bill No. 103, for the relief of Lily Usheroff Bruker.—Mr. Vallance.

Bill No. 104, for the relief of Hilda High de Boissiere.—Mr. Bell (St. Antoine).

Bill No. 111, to incorporate The Community, General Hospital, Alms House and Seminary of Learning of the Sisters of Charity at Ottawa, Canada.—Mr. Gagnon.

INTEREST ACT AMENDMENT

The house in committee on Bill No. 11, to amend the Interest Act—Mr. Coote—Mr. Smith (Cumberland) in the chair.

On section 1—Interest on contracts and agreements restricted to seven per cent.

Mr. COOTE: Mr. Chairman, this Bill No. 11 was originally introduced early in the session and it was some time before it was reported on by the committee. Only one of the sections, which is the important one of the bill as introduced, was in the bill as finally passed by the committee and reported to the house. The bill as introduced called for a limitation on the rate of interest on all mortgages, whether now existing or to be made in the future, to four per cent, but as amended in the committee that limitation would apply only to existing mortgages, and the cut-off date has been fixed in the bill as January 1, 1935. So the bill now before the house would

limit the rate of interest which might be collected on any mortgage on real estate issued prior to January, 1935, to six per cent per annum. Speaking for myself I would be quite willing to have it apply to all mortgages, but in our own province so far as I am aware there are very few new mortgages being made.

The interest rate on existing mortgages is the important question for us, and I would just like to take a few minutes to bring to the attention of the committee a few facts to show that undoubtedly there is need of legislation to deal with this question of interest rates. I will deal first with the interest rate on farm mortgages.

The cash income of all the farms in Canada for the years 1926, 1927, 1928 and 1929, before the depression years, was 4,012 million dollars, and for the years 1931, 1932, 1933 and 1934, that is the depression years, the cash income of all the farms in Canada was 1,744 million dollars, or only 43 per cent in those last four years of the income in the previous four years mentioned. In other words, there was a drop in the last four years of 2,268 million dollars in farm income or an average of over 550 million dollars for each one of those years. In the face of that drop in revenue, which amounts on the average for the four years to $3,136 per farm, I think hon. members can see the need for some legislation to relieve the farmers who are now paying rates of interest as high as seven, eight and nine per cent. This drop in income per farm of $3,136 in the last four years would have been sufficient to pay off every farmer's debt in Canada and leave about $1,000 for every farm over and above the amount of the debt.

The drop in farm revenue is, of course, due to the drop in price levels. It is not due, as some people may think, to a drop in production. I have previously put figures on Hansard to show that it is nearly all due to the drop in price levels, a factor over which the farmer himself had no control and no possibility of control.

The rate at present charged in western Canada, at least in Alberta, is generally eight per cent, although there are some mortgages at nine per cent. A case recently came before the board of review operating under the Farmers' Creditors Arrangement Act in the province of Alberta of a real estate mortgage carrying a rate of interest of twenty per cent. I have that statement in a letter from one of the members of the board of review. There are also a good many private loans at ten per cent. I do not think it is necessary for me to say anything more for hon. members of this committee to see the need of some legislation to limit the rate of interest which can be collected on these mortgages.

The board of review under the Farmers' Creditors Arrangement Act in Alberta have in the majority of instances been setting the rate of interest on farm mortgages by mortgage companies at seven per cent, which I think is much too high, but the chairman of the board persists in stating, I believe, that it is the duty of parliament to set a lower rate. The rate of seven per cent is mentioned in one of the sections of the Farmers' Creditors Arrangement Act. In Manitoba I believe the board in the last few weeks has been setting a maximum rate of six per cent on farm mortgages. In Quebec I am told that in some cases the rate on farm mortgages has been placed as low as four per cent by the board of review operating in that province.

The Alberta board has heard about three hundred cases to date. It has been sitting five days a week and working very hard, but it is going to take them some years to clear up all the cases that come before them unless something is done to fix by law a maximum rate of interest. I think this bill is fixing the rate quite high enough when it sets it at six per cent. If a six per cent maximum rate were established by law I believe that the majority of farmers in the province of Alberta would not need to go to the board of review. The only way to get a lower rate of interest than eight per cent in Alberta is to go before the board of review, and if the board of review establishes as a matter of practice a rate of seven per cent the mortgage companies naturally will not care to make a voluntary reduction to anything lower than seven per cent.

I want to place on Hansard for the benefit of this committee a statement in regard to the payments made by one farmer at Brant, Alberta. I mentioned this case in the banking committee, where the figures were challenged by several members. They said they could not possibly be correct. I afterwards wrote to the chairman of the banking committee and asked him to have the clerk or someone else inquire into the case. The books of the company that made the loan were examined and I have here a copy of the memorandum which was sent to the finance minister by Mr. Finlayson, the superintendent of insurance, who investigated the case. I shall not take time to put the whole of his statement on Hansard, but will simply say that the loan was made in February, 1912, for $1,500 at a rate

of eight per cent. By 1928, according to this statement, the farmer had paid $3,587.28, and $708 of that amount was subsequently paid out by the company for taxes, so that the net amount which the farmer paid was $2,878.32. This was all for interest and charges, including fire insurance, $61.50; inspection fee, $37.50; solicitors' fees, $57.03. In 1933 this mortgage was foreclosed. I am quoting these figures simply for the purpose of impressing on the committee just how much money it would require from the farmers' operations to meet these charges. Over a period of twenty years he paid $2,878, and when the loan was foreclosed the amount that he still owed was approximately $1,500. If we could have had in Canada a six per cent interest rate, and the other two per cent which was charged could have been used to amortize the loan, it would have been entirely paid off and the farmer would still be in possession of his farm.

Just a word or two in regard to urban mortgages. I have had brought to my attention the case of a mortgage on a house in the city of Calgary at the rate of ten per cent, and I have a letter under my hand from a notary in one of the cities of Ontario in which he says:

> I can number mortgagors among my clients, whose total indebtedness is well over $100,000, upon which they are paying from eight per cent to ten per cent interest.
>
> As an alderman of the city I am pleased at the thought that our tax arrears will be paid up now that interest charges on properties are reduced.

That is from an alderman in an Ontario city. He is a little premature in thinking that the interest charges are already reduced. I had a visit a few days ago from some gentlemen representing the landlords' protective association of Montreal and they assured me that there are many real estate mortgages in that city which bear interest rates of seven and eight per cent and second mortgages bearing interest rates of nine and ten per cent. In some cases the mortgage may show upon its face only a rate of seven or eight per cent but a very heavy discount is sometimes made when the loan is granted. An alderman in one city in Canada told me that he believed in certain cases the rate actually collected was as high as twenty per cent, taking into account the discounts made when the loan was granted.

I anticipate that the question of constitutionality will be raised, that it will be stated that the Dominion of Canada has not the power to lower the rate of interest on existing obligations, but if I remember correctly, a year or two ago the attorneys general of the provinces agreed that this power rested in the dominion government. In these days when the government is passing reform measures which heretofore might have been considered as unconstitutional I do not think we would be running much risk in passing this bill. The only way in which to find out whether it is constitutional is to try it.

I anticipate also that some question will be raised as to this action affecting our credit in outside countries, particularly Great Britain. I would remind the committee that Great Britain recently notified the United States that she did not intend to make certain payments which were due about this time. I think for the last two or three years Great Britain has been making token payments. The United States itself changed the terms of the contract when they stated that a promise to pay in gold need not be honoured in the term in which it was taken, that payment in legal tender or paper currency will be sufficient to discharge the debt. I shall not labour this point; it has been discussed before.

I would remind the committee that nearly every country in the world has taken some action along the lines which I suggest in this bill. Australia, South Africa, I believe New Zealand, and many other countries have taken action to limit the rates of interest which can be collected regardless of what might be stated in the mortgages. When I offered an amendment to the Farmers' Creditors Arrangement Act to limit the rates of interest charged on farm mortgages, the Minister of Finance (Mr. Rhodes) said that the proper way to deal with that matter would be through Bill No. 11. He said:

> My hon. friend speaks for the farmer who is not going to come under the Farmers' Creditors Arrangement Act. That farmer will get such protection as this house may decide to accord him when it deals with Bill No. 11, which covers all mortgages.

According to that statement this will be the only occasion upon which we will have an opportunity to deal with this very important question.

There is a crying need for this bill; I would not have introduced it had I not felt there was such a need. The fall in price levels which I mentioned earlier in my remarks is something over which the farmer had no control. He had no reason to anticipate such a fall and he entered into his obligations in good faith. In the great majority of cases the farmers are doing their best to discharge their

obligations. The company or individual collecting eight or nine per cent in interest charges is receiving a purchasing power far in excess of what was anticipated. It would be nothing less than justice to reduce the rate of interest to six per cent; even at that rate the majority of mortgages would secure in purchasing power just as much as they did ten years ago when the mortgages were made. For this and many other reasons I hope that the committee will see fit to accept this bill. I know it is near the end of the session but I introduced the bill early in the session but for some weeks I could not get the banking committee to meet.

Mr. BENNETT: I move that the committee rise. In doing so I have only to point out—

Mr. MACKENZIE (Vancouver): Is this motion debatable?

Mr. BENNETT: No.

Mr. GARLAND (Bow River): This kills the bill, of course.

Motion agreed to: yeas, 35; nays, 18.

Mr. SPENCER: I was paired with the hon. member for Lethbridge (Mr. Stewart). Had I voted, I would have voted against the motion.

Mr. NEILL: I was paired with the hon. member for East Edmonton (Mr. Bury). Had I voted, I would have voted against the motion.

DOMINION FRANCHISE ACT

EVIDENCE IN APPEAL TO JUDGE FROM RULING OF REGISTRAR OF ELECTORS

The house resumed from Tuesday, June 18, consideration in committee of Bill No. 109, to amend the Dominion Franchise Act—

Mr. CAHAN—Mr. Smith (Cumberland) in the chair.

On section 1—Judge may not rescind final ruling of registrar.

Mr. CAHAN: With regard to the amendment suggested by the hon. member for Shelburne-Yarmouth (Mr. Ralston), I would remind the house that this bill is simply a declaratory act; it declares the intention of the house with respect to the meaning and intent of the subsection referred to. This bill was introduced at the suggestion of the Dominion franchise commissioner and was approved by him. He did not approve of it because it related to the electoral list in the electoral district which I have the honour to represent, but, unless the bill is carried into effect, he fears that as a result a very considerable number of appeals throughout Canada will be taken to the judges having jurisdiction in the several constiuencies. This bill is in entire accord with his understanding of the meaning and intent of the sections now proposed to be amended. The bill is entirely consistent and conforms with the instructions he has given to each registrar of electors throughout the dominion. From one end of the country to the other, in respect of each electoral district, the registrars have acted in accordance with his instructions in carrying out the real intent and purpose of the act as expressed in this bill. Therefore, if utter confusion is to be avoided, he thinks the house should make this declaration.

Perhaps the other day I referred at too great length to what had occurred in my own constituency, but I do say here that so far as the registrar acted in that electoral district he acted under the specific instructions of the dominion franchise commissioner, who is the sole person under the act entitled to give him instructions. It is not necessary for me to add that so far as the commissioner gave his instructions under section 7 of the existing act he did so without consulting me as the minister to whom he reports; and, so far as the registrar in the electoral district of St. Lawrence-St. George carried out those instructions, he carried them out without communication with me directly or indirectly, because I have had no personal communication with him from the day he was appointed up to the present time—and he was appointed, as all registrars were appointed, many months ago. The government therefore is of opinion under the circumstances that to avoid confusion throughout the whole country it cannot accept the amendment suggested by the hon. member for Shelburne-Yarmouth.

Mr. CASGRAIN: I have listened with great care to the remarks made by the hon. member for St. Lawrence-St. George (Mr. Cahan); I also listened to the debate that took place in this house some days ago regarding this bill, and as well to the statements made by the hon. member who has taken his seat, with reference to the fact that this is only a declaratory bill. The house will remember that when the bill was introduced the hon. gentleman, in introducing it, discussed a judgment of Mr. Justice Greenshields, who gave a decision in this matter. We have heard differences of opinion expressed by the hon. gentleman with respect to the contents

of that judgment in relation to the provisions and the regulations under the act. In justice to the judge who rendered judgment in this matter and who cannot defend himself, who gave judgment in accordance with the provisions of the law; and in view of the high office he occupies in the country at the present time and the fact that before he went to the bench he was one of the most eminent jurists of our province and one of the leading legal lights of the country, being still considered one of the best judges on our judiciary, I think it is only fair for me to say a few words with reference to the grounds on which the learned judge based his judgment and the considerations which he indicated in coming to his conclusion. I think it is only proper that I should discuss the matter from that point of view in order to find out whether we are justified now in proceeding with this bill which the hon. gentleman has introduced.

I have in my hand what purports to be a copy of the judgment rendered on the 4th day of June in the city of Montreal in this very matter:

Province of Quebec.
District of Montreal.
Superior Court
Under The Dominion Franchise Act
Electoral Division St. Lawrence and St. George

Daniel McKeegan
Appellant
and
Rudolph Bernard
Registrar & Revising Officer
and
W. K. Prowse
Objector

This is an appeal from the ruling or order of the registrar under section 32 of the Dominion Franchise Act. That section provides, in part, as follows:

I will leave out section 32, which refers to the right of appeal and is contained in the act. The judgment proceeds:

On the 22nd of May, 1935, the registrar and revising officer, Mr. Rudolph Bernard, struck from the official list of electors the names of two hundred persons appearing on the regular official list of voters for the electoral division of St. Lawrence and St. George, and particularly on polls Nos. 17, 18, 19 and 31. These names all appeared in the notice of appeal entered by Daniel McKeegan, a duly qualified elector of the electoral division of St. Lawrence and St. George.

The names of these electors were so struck from the official list of voters upon an objection made to them by one, W. R. Prowse.

With the exception of the statement concerning a few of the two hundred, the unique and sole objection was, that they had removed from the electoral division, or at least, the poll in which their names were entered.

[Mr. Casgrain.]

It may be here stated, that after the notice of appeal was served on the registrar, the objector, Prowse, desisted from his objection, and purported to desist from the order given by the registrar striking the names of twenty-three out of the two hundred. The registrar decided that notwithstanding the withdrawal of the objection by the objector, and the declaration of his willingness to desist from the order striking the electors' names, he was unable to replace their names on the list. The appeal with respect to these twenty-three must be maintained, and acte is granted of the objector's declaration that he withdraws his objection, and the order goes to the registrar, to place these names on the voters' list as they appeared before the order of striking, and in the respective polls in which they appeared.

With respect to the remaining one hundred and seventy-seven, I now proceed to consider their appeals.

The names objected to all appeared on the official voters' list before the registrar or revising officer. Each one is entitled to exercise the franchise and is entitled to vote, unless and until it is affirmatively shown, either that he never possessed that right, or that he has forfeited the right. In other words, the presumption of law is, that each one of these electors is properly and legally on the list of voters, and in consequence, is entitled to exercise his franchise. The rule of law is expressed in the Roman maxim: "Omnia prae-sum-unter rite et solleniter esse acta."

The objector seeks to destroy the right of these electors to exercise the franchise, on the ground that they have lost their right by reason of a change of residence or domicile. Section 28 of the act deals with the proceedings before the revision court:

I will not put on the record this section, which is the procedure of the registrar and the revisal courts. The judge then goes on:

I propose to deal with these appeals in the light of and under the provisions of this section, and I observe, firstly, that the registrar must deal with each objection separately, and he must deal with the merits of the objection as disclosed by the examination under oath of the objector, and the person against whom the objection is made, always provided, I take it, that both are present. I next observe that the person against whom an objection is made, and who has received a notice under section 21, is not bound to attend, and his failure to attend does not relieve the objector from substantiating the existence of the fact upon which his objection is based. Moreover, the presumption in favour of the person against whom the objection is made is recognized in the statute. Such elector is under no obligation to adduce proof that his name is properly on the list. Again, it must be observed, and even emphasized, that the objector must offer proof substantiating a prima facie case by evidence, which, in the absence of rebuttal, is considered by the registrar sufficient to establish the fact, not a presumption, but the actual fact, that the person objected to is improperly on the list.

I now deal with the proceedings before the registrar, on the twenty-second of May, as disclosed before me. In the first place Prowse

was the objector in all the two hundred cases. From his own testimony it appears that he did not know, personally, one of the two hundred against whom he made an objection. In the second place, he never saw one of these electors against whom he made these objections. What he did appears by his testimony. He went to the residence, as shown on the official voters' list. In some cases he found a vacant house, or a house into which he could not obtain entrance. How long that house had been vacant he has no idea. He therefore asked somebody for information, and somebody, whom he had never seen before, and whom he does not know, informed him, that the house was vacant: that the former tenant had moved away. This statement covers a comparatively few of the names objected to. In the great majority of the names the objector Prowse, found someone in the house. Again, he did not know that person, but asked that person if the elector lived there, and was told by that person, no, and Prowse testified to what he had heard before the registrar. He was never asked for the name of his informant, and if he had, he could not have given the name. At the hearing of the appeal I expressed the opinion, that this in itself was not prima facie evidence sufficient to establish the fact that the name of the person objected to was, to use the words of the statute, improperly on the list. In other words, it was not prima facie evidence that the elector objected to was no longer a resident within the limits of the polling division in which his name appeared. But the registrar says that registered letters sent by him to each of the persons whose names are objected to, were returned and were not delivered. Why, he does not know, and no one, so far as the record shows, can tell it.

In addition to this, a lady by the name of Ruth Clark obtained information from someone that an elector, whose name appears on poll No. 17 no longer resided at a certain number. How she discovered that is not disclosed. But she concludes by the statement, that she is credibly informed and verily believes, that the elector is no longer a qualified elector.

These affidavits I may state at once, the registrar admits, he never read. They never should have been read by him, and, as a matter of fact, they are not part of the proof made before the registrar. The registrar did state that he had read one perhaps of the two hundred, but he does admit that his ruling was not based upon these affidavits. The section of the act does not contemplate the making of proof before the registrar by ex parte affidavits. The act is silent on the matter of the use of affidavits. The act contemplates proof being made before the registrar by witnesses. Says the act:

"The registrar shall deal with each objection separately disclosed by examination on oath of the person making the objection, the person against whom the objection is made and the witnesses present on their respective behalf." It does not contemplate the production of affidavits purporting to support or substantiate the statement of fact made by the objector without any opportunity of the signers of the affidavit to be cross-examined as to their truth by the person against whom they are sought to be used.

I conclude that the registrar had not a scintilla of legal proof to make even a prima facie case, much less to establish the fact that any of these two hundred electors were improperly on the list and should be struck therefrom.

It was urged that one or two of the two hundred was dead. Fortunately for the dead person, there is no proof of death, and so far as the registrar is concerned and the proof made he is alive. I maintain the appeal in all the two hundred cases, and I order and direct the registrar to replace their names upon the official voters' list at the different polls in the electoral division of St. Lawrence and St. George as they appeared before being struck therefrom.

R. A. E. Greenshields,
J.C.S.

We have before the committee at the present time the fact upon which is based the act and the amendment to the act that we are now considering. Mr. Justice Greenshields based his decision upon the sections of the act just quoted and upon the evidence that was adduced before him. When I heard the other day the hon. member who is sponsoring the bill state that no evidence was made before Mr. Justice Greenshields, as regards the kind of statements signed before witnesses that he was talking about as evidence, there is no proof that such statements were submitted to Mr. Justice Greenshields. He had to revise the decision of the registrar in this case. If we look at the evidence that was given at a certain time before Mr. Justice Greenshields, we find that he decided this case on its very merits; and also by the evidence that was adduced before the registrar, in some instances by questions that were put, and by the way he directed the evidence to be given, the proof is there that he acted within the meaning of the act and in order to try as far as possible to give justice to all parties concerned.

For instance, at page 42 of the examination of Mr. Bernard, the registrar, the court asks this question:

Q. I suppose he did not tell you from whom he had obtained the information?

The answer is:

From somebody, some neighbour. In the case where the house was vacant, or the tenement was vacant, from the neighbour, and sometimes from the janitor.

By the court:

Q. In other words, all the information or assistance you got from Mr. Doyle—

Mr. Doyle was supposed to be a witness produced to corroborate what Mr. Prowse had stated.

—was, from what somebody told him, and he offered you what somebody told him, is that it?

A. Yes, sir, in most cases.

By the court:

Q. And it is true of Prowse, and it is true of Doyle?

A. Yes, sir.

By Mr. Mann:

Who was representing the interests of the hon. member who is sponsoring this bill.

Q. Let us see how true it is of Doyle. Is it not a fact that in many cases Doyle got the information direct from the person whose name was on the voters' list? Was not that evidence produced before you?

A. It is possible. I don't remember offhand.

By the court:

Q. Tell me now of one where that is true, and I will maintain your striking—tell me one elector who told Doyle that he had moved. Can you remember one of the two hundred?

A. I cannot at the present.

Mr. CAHAN: Who is making these answers?

Mr. CASGRAIN: Mr. Bernard. I have before me the whole evidence. I would not like to weary the committee by putting into the record all the answers that were given by the witnesses that were produced before the registrar. Mr. Bernard and Mr. Prowse were the two witnesses who appear to have been cross-examined at length by counsel on both sides. I intend to place before the committee more particularly the part of the evidence which shows exactly what kind of evidence Mr. Justice Greenshields wanted to have, and which I think he was entitled in law and in equity to have before he could strike these names from the list. He inquired from the registrar if such evidence had been adduced and presented, and the registrar admitted that it had not. It is also shown in the proceedings that the registrar stated that in some cases the letter that was sent by registered mail was returned, but the judge stated that this was not prima facie proof that the person was not there. Everyone knows that a registered letter can be sent to an address, and if it is not signed for by the person receiving it at that house no one can say that the person duly received the letter. I remember a recent case dealt with by the court of king's bench in the province of Quebec, in which I happened to be representing certain interested parties. It was the case of O'Shea and Michel, decided April 30, 1935. That case was decided on that very point; a registered letter had been sent but direct proof had not been produced that a receipt had been signed showing that the letter had been received by him, and the case was lost on that very ground. Apparently there is a method provided by the Post Office Department—and the Postmaster General might correct me if I am wrong—by which you may secure a proper certificate that a registered letter reached the person for whom it was intended. You pay an extra amount of some twenty or twenty-five cents and the person who receives the letter is bound to acknowledge receipt under his own signature. In these cases the only fact that appeared to have been proved was that registered letters had been sent, but the letters had been returned.

The other day the hon. gentleman stated that the registrar had been very diligent and had been very observant of the law in doing what had been done in putting into force the franchise act. I have no fault to find with this gentleman in the discharge of his duties. I happen to know Mr. Bernard very well; he is a member of the legal profession. I should like to place on record, however, a letter issued by the franchise commissioner, Colonel John Thompson, with reference to this matter, in which he gave to persons who were inquiring from him the following information:

May 21, 1935.

Thomas G. Ireland, Esq.,
Treasurer,
Liberal Association of St. Lawrence & St. George,
252 Dorchester West,
Montreal Que.

Dear Sir:

Receipt is herewith acknowledged of your communication of the eighteenth instant, the contents of which have been carefully noted, and I quite concur in your observations.

The word "removal" in the statute does not mean the removal from one polling division to another in the same electoral district. "Removal" means removal from one electoral district to another.

While any person, during the month of April, might object to any and all persons on the list of an electoral district, nevertheless the objector must prove to the satisfaction of the registrar that the person or persons objected to have removed from the electoral district in which they are registered, to another electoral district.

The mere fact a person has left the dwelling in which he was originally registered does not in itself warrant the deletion of his name from the list of electors for that electoral district. The objector, as stated above, must prove that the person objected to has left the electoral district.

If an elector has moved from one polling division to another in the same electoral district, the proper procedure is to delete his name from the list of the polling division wherein he did reside and add it to the list he is presently residing.

Then the last paragraph:

The failure of the person objected to to appear at the court of revision in response to the registered notice of objection is not in itself sufficient to shift the onus for proving his entitlement on the person objected to.

Yours very truly,

(Sgd.) John Thompson,
Dominion Franchise Commissioner.

So here we have a document emanating from the dominion franchise commissioner, who is in charge of the act that was passed last year, giving information as to the manner in which these proceedings should be carried out. That information, it seems to me, is not quite consistent with the objections that have been taken by those supporting the bill now under consideration, who have taken exception to the rulings handed down by Mr. Justice Greenshields in the superior court of the province of Quebec.

During the course of the debate the other day the hon. gentleman who is sponsoring this bill stated that Mr. Bernard had done his best to administer the law fairly and within the provisions of the act. I do not know if my information is correct; I give it subject to correction, but I hold in my hand a copy of the instructions issued by the franchise commissioner, and at page 86 I find the following:

Grounds for Disqualification Which May be Set Out in the Affidavit

(1) "Is dead."

(2) "Is not qualified because he (or she) has not attained the full age of twenty-one years."

(3) "Is not qualified because he (or she) is not a British subject by birth or naturalization."

(4) "Is not qualified because he (or she) has not resided in Canada during the last twelve months."

(5) "Is not qualified because he (or she) was not resident in this electoral district on the" (naming the day three months prior to the sittings of the revising officer).

(6) "Is disqualified from voting because he (or she) is" (naming the class of disqualified persons to which the person objected to belongs, as e.g. "a judge appointed by the government of Canada," "an Indian resident on an Indian reservation who did not serve in the naval, military or air forces of Canada in the year 1914-1918," or as the case may be: see section 4 of the Dominion Franchise Act).

(7) "Has to my knowledge, been included in the preliminary list of electors prepared for polling division No. , in which he (or she) resides."

Mr. CAHAN: The hon. gentleman must see that this whole form refers to section 17, schedule A, rule 19. Section 17 does not apply to urban lists at all; it refers to rural lists, as the hon. gentleman will see by looking at page 62, which contains these various rules. My hon. friend is dealing now with an entirely different situation, concerning rural constituencies.

Mr. CASGRAIN: My hon. friend may be right, but my information is that after this revision was commenced it was suggested to the franchise commissioner that a new set of forms should be printed in which this extra clause should appear:

That the person has removed from and is no longer a resident of the electoral division.

Under that clause objection could be taken to practically all the names in the list for the electoral division. Another complaint that has been made with regard to the revision of these lists is this: A protest was filed in the case of one H. Dixon, 1441 Drummond street, poll 35, list 89, to the effect that Mr. Dixon had moved away from the above address. Objection was made because proof was offered that he was still living at the Y.M.C.A., where the hearings were being held. Consequently protest was refused. Then we have Mr. F. L. Delaney, poll 35, list 89; James Ogilvy, poll 35, list 201; J. W. Powell, poll 35, list 213; David Scott, poll 35, list 237; L. Villeneuve, poll 35, list 263, all of whom lived at 1441 Drummond street. It was found by the registrar that all these people were still living at this address, in spite of the fact that protests had been issued claiming they were not qualified to vote, due to the fact that they had moved from this division. The people representing the interests of those who wanted these names to remain on the list had great difficulty in having the names placed thereon. Finally the registrar maintained them. The same applies to Alexander Pigeon—

Mr. CAHAN: That was proper, after rebuttal evidence had been put in before the registrar to show that these people were living at the Y.M.C.A. It was perfectly proper that they should not be struck off, and they were not struck off.

Mr. CASGRAIN: They were all struck off before.

Mr. CAHAN: No, they were not.

Mr. CASGRAIN: They were objected to.

Mr. CAHAN: Yes, but that is not striking them off.

Mr. CASGRAIN: They had to be reinstated.

Mr. CAHAN: No; they were objected to, and on the preliminary evidence the registrar held that a prima facie case had been made out. But subsequently, before they were struck off, rebuttal evidence was brought in to show that those people were in the electoral district, although some of them were not at the same addresses as those at which they had been registered.

Mr. CASGRAIN: The same applies to C. A. Singer, W. V. Smith and F. Spanger. We have in these circumstances a most unusual case. A law was passed last year to which reference was made when discussion of this bill first took place. Apparently the law passed last year was a compromise by all parties in the house, and showed a desire to have a franchise act suitable for the accommodation of all parties. Persons who were placed on the lists in the urban district to which reference has been made were, as happened in other urban divisions, placed on those lists with the consent of two enumerators, one from each of the official parties.

Mr. CAHAN: That was many months ago.

Mr. CASGRAIN: Yes, I grant you that. Those people had a right to be there until it was proved officially, legally, in a proper form and a proper manner—

Mr. CAHAN: A prima facie case was made out.

Mr. CASGRAIN: You must make a prima facie case with legal evidence. The minister is an eminent lawyer of the province of Quebec; he is widely known and I have great respect for him. I respect him as a politician, as a lawyer, as a member of the bar and, I would say, as a statesman. I know that he must know what kind of evidence should be presented. The minister knows that if he had been the judge he would not have admitted certain kinds of evidence which indicated that someone had told so and so that so and so had happened.

Mr. CAHAN: That is not so in this instance.

Mr. CASGRAIN: He would not have done it.

Mr. CAHAN: I believe I should correct the hon. member in some of his statements. There were not two hundred cases before Mr. Justice Greenshields, as the hon. member has said; I am afraid he is dealing in general terms. In connection with the question of removal there were only 105 cases. Before the registrar in respect of each of those 105 cases the new addresses were ascertained. Statements were taken from these people to the effect that they had removed, and the new addresses were ascertained as being outside the constituency of St. Lawrence-St. George. That was the condition with all except 16, which could not be ascertained.

Mr. CASGRAIN: That may all be true. However, I have read to the committee the whole of the judgment of Mr. Justice Greenshields. His judgment is based upon the evidence I have before me.

Mr. CAHAN: No, it is not.

Mr. CASGRAIN: If the minister and the committee wish me to do so I will read it, but there are 68 pages and I should not like to weary the house. However I must say that the judgment of Mr. Justice Greenshields is based upon one fact. When he questioned the registrar Bernard he said, "Name me one case where a person who has removed has told you so, and I will strike that man from the list—and any evidence similar to that which you may have. But I cannot take the evidence which you have collected to disfranchise that man, when you state that some elector or some person has told you certain things." Certain affidavits which were supposed to have been tendered were produced but were not used by the registrar. The statement is made in the evidence that they were not read, and that the judgment was given solely on the fact that someone had testified that he had gone to an address and had not found a person, or that the house was empty.

Mr. CAHAN: Just a minute. I should like to reply to that. As I have indicated in the cases I read, that is not so. I could have read more of them. The declarations were signed by the persons objected to in the presence of two witneses, one of whom was the investigator. Those declarations in each case were to the effect that a certain person had moved from a certain address in a certain polling division in St. Lawrence-St. George to another address in an entirely different electoral district. Those changes of address were shown in respect of 105 cases in which changes of address were considered. In all these cases, with the exception of 16, they could not be found anywhere, in that or any other district.

I am not entering into a detailed discussion of the point, but I must add that Mr. Justice Greenshields called before him the judge of the registrar's court a subpoena was issued, for which there was no authority; it was issued illegally. The registrar was brought to court suddenly, without papers and without being asked to bring papers. This registrar, having dealt with a great many cases, was asked to state what he remembered respecting each. That was not the proper way to secure evidence of what had taken place. The evidence with regard to what had taken place

was available from Prowse, and others, who were prepared to go before the judge and give the same evidence as that they had given before the registrar. But the chief justice did not ask them for their evidence in particular cases. He did not refer to the facts, to which reference has been made, relating to the vice consul of France. He did not refer to case after case in which Prowse had sought out the new electors at new addresses. However I am not going into that, because it was not in the discretion of Chief Justice Greenshields to decide what should constitute prima facie proof. As soon as the registrar decided that in his opinion a prima facie case had been made out and called upon the other side for rebuttal, and no rebuttal being produced, then the registrar was entitled to say that a prima facie case had been made out, and thereafter on any appeal only rebuttal evidence could be received before the judge, in this case Chief Justice Greenshields. But not one scintilla of rebuttal evidence was produced either before the registrar or before Chief Justice Greenshields.

Mr. CASGRAIN: I am most surprised at the attitude the minister takes. He had there to represent him one of the most eminent lawyers of the city of Montreal.

Mr. CAHAN: I was not represented in any way, shape or form.

Mr. CASGRAIN: I stand corrected. If he was not representing the minister he was representing the people who wished to have names struck from the list. If it was so, as my hon. friend states, that a subpoena had been issued to the registrar to compel his appearance before the court, these people would have objected. They would have pleaded before the judge that it was not fair to proceed with the examination without having all the documents before Mr. Justice Greenshields. I hold in my hand the procès verbal, and the evidence that was given by all the witnesses that appeared before Mr. Justice Greenshields, duly certified by E. W. Bush, official court reporter.

Mr. CAHAN: My learned friend has that report of the evidence, but there is not one scintilla of evidence in that by way of rebuttal to show that a single person of the 103 resided still in the electoral district of St. Lawrence-St. George.

Mr. CASGRAIN: That is not the point. The point is this. If this registrar was called before the judge as the hon. gentleman states, surely there was somebody there to represent his interests and to protest and to ask for an adjournment of the case, which the judge would have granted. He would have said: Bring all your papers with you next time. But that was not done. There is nothing to prove that that was done, and I am willing to leave this document before the house for hon. gentlemen to read it for themselves. They proceeded with the case as it was before the court. The judge asked the registrar if he had kept records, and he said: "No, I could not keep records because there were too many people coming before me. I remember a Mr. Prowse came in and a Mr. Doyle," and they said exactly what is stated there, that they had their information from some janitor or next-door neighbour. The registrar also said that he had the evidence of a returned registered letter, and that was all.

Mr. CAHAN: He says also that he had statements from him concerning some of the new addresses of those who had moved out of the constituency who had been interviewed by him.

Mr. CASGRAIN: The only thing that appears in the evidence is that certain affidavits were sought to be produced before the judge, but the lawyers on the other side, Mr. Merrill and Mr. Cook, objected to the production of these documents, and the registrar himself said that he never read these affidavits.

Mr. CAHAN: He took oral evidence instead.

Mr. CASGRAIN: And as to all the documents that my hon. friend referred to the other day in his speech, those documents that purported to be signed by one person before two witnesses, the registrar does not mention one word as to his having received them. He just says in his evidence that he had two witnesses, Prowse and Doyle, come to him and testify as I have already stated, but he does not state that they produced written documents signed before witnesses as mentioned by the Secretary of State on Tuesday last. He said that about fifteen or twenty persons had signed documents. But no lawyer produced that evidence before the judge.

Mr. CAHAN: Why should he?

Mr. CASGRAIN: It has not been produced. Now section 32 of the Dominion Franchise Act, which is sought to be amended by this bill, provides this regarding appeals made before a judge:

> Such appeals shall be heard at such time and place as the judge may fix. They shall be heard and determined in such summary manner as the judge shall deem proper.

What else could Mr. Justice Greenshields say when the registrar was brought before him? He asked him what kind of evidence he had upon which to strike certain names from the list. He asked the registrar if he had documents and records before him, and the registrar said that he did not keep any. He said that he remembered that two persons objected to certain names being on the list, but he does not remember the rest. He remembers that letters were returned. But he does not say one word about the documents which the Secretary of State placed on record on Tuesday last. When affidavits were shown to him he said that he remembered there was a question of affidavits but he did not look at them at all, and regarding the production of these affidavits there is not a scintilla of proof warranting the registrar or any official issuing affidavits in the proceedings according to the franchise act that was enacted into law last session.

Now, Mr. Chairman, we have this most unfortunate situation to-day. The franchise act has been administered by the franchise commissioner, who is highly qualified to administer the act and for whom everybody in this house and in the country has nothing but praise. But it develops that in only one constituency, the constituency of St. Lawrence-St. George, there was apparently some trouble in the revision of the list, because we have heard of no trouble at all in any other part of Canada. It may be that my learned friend is very cautious and his men want to make very sure that he will be re-elected next time, and the people there who look after the whole matter for him worked so hard that they thought they would have a case against everybody on the list who they thought would vote against the hon. member, to see that they were not on the list.

Mr. CAHAN: That is an unfair insinuation and it is absolutely untrue.

Mr. CASGRAIN: I did not say the hon. member himself did it. I said that those who were looking after his election were doing so much work for him that they did not want the fruits of their work thrown away, and they were mad when they were not able to get what they wanted. We are not sitting here in this House of Commons, Mr. Chairman, as a court of review over any judgment that has been given in accordance with the provisions of any act passed by this parliament. We decided rightly or wrongly that the chief justice of any province should be the sole arbiter and sole judge of any difficulty that might arise in any proceedings before the registrar regarding the striking off or putting on of names. But to-day we have this most unfortunate situation. The hon. member for St. Lawrence-St. George says that there are four thousand objections in his constituency and that at the present time only two hundred of them have been dealt with. Twenty-three were not in doubt and the rest, 177, had to be dealt with by the judge. At the present time there are many other cases in this very constituency of St. Lawrence-St. George that depend on the decision that is to be rendered by this parliament by this bill if it becomes law.

I was very much struck the other day by the observations that were made by the Prime Minister (Mr. Bennett) when dealing with conditions which affect the judiciary in our country. The very next day after the Secretary of State had introduced this bill, he received this condemnation at the hands of his leader. The Prime Minister, speaking in this house on June 19, 1935, as reported on page 3810 of Hansard, was saying that we should respect the judgments of the privy council, and that therefore we could not go too far in this new order and with these new reforms that the government was bringing in. These were his words:

> That is why I have said that in the ultimate analysis we always have to depend upon the conclusions and decisions of the courts. That is why in the end, if we are a law abiding people who believe in reform and not in revolution, we must proceed precept by precept, line upon line, to the end that in an orderly and legal manner we may accomplish the ends we have in mind.

Here we have a condemnation by the leader of the government of the proceedings of the Secretary of State in introducing his bill, which strikes at the very root of our judicial institutions. Again, speaking in this house on June 20, 1935, the Prime Minister said, as reported at pages 3820 and 3821 of Hansard—he was referring to the capital structure of the Canadian National Railways:

> I desire on that ground to make it clear why I do not desire until this litigation is disposed of any disturbance in the capital structure.

He was referring to the capital structure of the Canadian National Railways and he wanted us to refrain from doing anything while the litigation was before the privy council. Certain matters have been dealt with in accordance with the legislation enacted last year and because Chief Justice

Greenshields has decided contrary to the wishes of friends of the hon. gentleman we are being asked to remedy this supposed grievance. I think if we did that we would be going beyond the powers of this parliament; we would be undermining our institutions and our judiciary. We would be going against the courts for which the right hon. gentleman who leads the government has so much respect. I think the hon. gentleman should have remembered that when a judgment is rendered there is always forty-eight hours in which to criticize or, if I may use the expression, damn the judge. He should have let it go at that; he should have remained quiet and taken his licking in good humour. That is the only way in which the hon. gentleman should have acted.

When one has a following in a riding it is very difficult not to yield to their demands and requests. Should this bill pass, the hands of the judge would be tied and he would not be able to render a decision as the law now provides it should be rendered. If this bill is passed the general effect will be that the chief justice will be deprived of the right to comment upon the evidence which the registrar has accepted as sufficient. If this bill becomes law we may have every reason to expect that after June 29 the registrar will again adopt his old practice and will strike off the names of a large number of electors upon grounds which the chief justice has already declared to be insufficient. This action will be taken without any possible means of redress by the electors concerned.

This bill is obviously designed to meet a case which has arisen in the particular riding represented by the hon. member for St. Lawrence-St. George. In this riding the names objected to number 4,000 while the total number of electors is about 24,000. If the hon. gentleman and his friends have their way, one-sixth of the electors in this constituency will be disqualified from voting. I think in this case we would do well to follow the example set by the right hon. gentleman in his speeches of June 19 and 20 when he said that it would be better to abide by the conclusions and decisions of the court. He said that we should leave the matter at that because that was the only way in which we could obtain and accomplish what we had in mind in an ordinary and legal manner.

I think the amendment proposed by the hon. member for Shelburne-Yarmouth (Mr. Ralston) should be accepted, as it makes it clear that the legislation sponsored by the hon. member for St. Lawrence-St. George would not affect the present cases which are awaiting the decision of Chief Justice Greenshields.

Amendment (Mr. Ralston) negatived on division.

Section as amended agreed to.

Section 2 agreed to.

Bill reported.

On motion of Mr. Bennett the house adjourned at 9.30 p.m.

Monday, June 24, 1935

The house met at three o'clock.

MARKETING ACT AMENDMENT

Hon. ROBERT WEIR (Minister of Agriculture) moved for leave to introduce Bill No. 117, to amend the Natural Products Marketing Act, 1934.

He said: Mr. Speaker, the purpose of the bill is to make four amendments to the Natural Products Marketing Act. The first amendment is to change the definition of the expression "natural product" so that it will include pulp and paper, and other forest products. The second amendment is to provide for a system of providing loans to local boards in their early stage of operation before funds are available. The third is to make provision for the equalization of returns between two or more closely related products, and the fourth has to do with expediting proof of origin of a product.

Motion agreed to and bill read the first time.

SECOND NARROWS BRIDGE

Right Hon. R. B. BENNETT (for the Minister of Marine) moved for leave to introduce Bill No. 118, respecting the bridge across the Second Narrows of Burrard inlet in the province of British Columbia.

He said: I am asking for leave to introduce the bill, on behalf of the Minister of Marine (Mr. Duranleau). This bill has to do with certain legal difficulties which arose in connection with the original bridge, and it is desirable to relieve those responsible for the new structure from certain obligations which, apparently, might attach.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*SOLDIER SETTLEMENT BOARD—APPLICATION OF ACT

Mr. CHEVRIER:

Is any action being taken for the purpose of making applicable to the soldier settlement board the provisions of the Civil Service Act and particularly those of the Superannuation Act 1924?

Mr. BENNETT: That is answered by action that has already been taken.

Mr. SPEAKER: Answered.

BOY SCOUTS' ASSOCIATION

Mr. CARMICHAEL:

1. Does the dominion government give a grant to the Boy Scouts' Association?
2. If so, for what years has this been paid and how much for each year?
3. Through what department of government is this grant paid?
4. Was the scout movement introduced into this country through the Department of Militia and Defence?

Mr. CAHAN:

1. Yes.
2. Fiscal years — Annual grant
   1915-1922 .. $ 5,000
   1923-1932 .. 15,000
   1933 .. 10,000
   1934-1935 .. 9,000
3. Department of Finance.
4. No.

QUESTION PASSED AS ORDER FOR RETURN

LEGAL FEES TO MR. AIMÉ GEOFFRION

Mr. LAFLECHE:

How much was paid in legal fees to Mr. Aimé Geoffrion, barrister, from 1921 to 1930, and 1930 to 1935?

Mr. CAHAN: Return tabled herewith.

MOTIONS FOR PAPERS

INDIAN AFFAIRS—MEDICAL SUPPLIES

Mr. BARBER:

For a return showing:—

1. Whether the Department of Indian Affairs supplies medicines and medical supplies to Indian tribes throughout Canada.
2. The total cost of such supplies for the year 1934.
3. Whether such medicines and medical supplies are provided through the Department of National Health.
4. If so, does the said department secure all of such materials by public tenders.
5. From whom the Department of National Health purchased such medicines and medical supplies during the year 1934.
6. Whether the Department of Indian Affairs ships medicines and medical supplies to the different sections of British Columbia from Ottawa or some other eastern depot, or what the method is of handling such supplies.
7. Whether local druggists in different sections of Canada are invited to tender on supplies of medicines used by the Department of Indian Affairs.
8. If so, how many druggists in British Columbia were invited to tender on such supplies.

Mr. CAHAN: Return tabled herewith.

ILLUSTRATION STATION, BAKER BROOK, N.B.

Mr. DUFF (for Mr. Michaud):

For a copy of all correspondence, reports, telegrams and petitions exchanged between the Department of Agriculture and the Director of Experimental Farms and others, relating to the Illustration Station at Baker Brook, Madawaska county, New Brunswick, from January 1, 1933, to June 1, 1935.

SECOND NARROWS BRIDGE

Mr. MUNN:

For a return showing the cost of operating the Second Narrows bridge at Vancouver, British Columbia, by the harbour board for the twelve months ended June 1, 1935; said report to give full details as to expenditures and receipts, giving total amounts.

Mr. BENNETT: The hon. gentleman realizes, of course, that this return will necessitate communication with the harbour board at Vancouver, and it may be some time before the return is received.

Motion agreed to.

LORD'S DAY ACT

Mr. BOULANGER moved:

For a copy of all petitions and correspondence coming from the province of Quebec and received by the House of Commons or by the government, in connection with the adoption by parliament of the Lord's Day Act.

Mr. BENNETT: I think part of this information at least was destroyed with the burning of the parliament building in 1916, but such correspondence as may be available we shall endeavour to find, although there will be a good deal of difficulty in getting it out.

Motion agreed to.

APPOINTMENT OF MILTON C. FOX

Mr. SANDERSON (for Mr. Taylor):

For a copy of all correspondence between the Department of Finance and Milton C. Fox of Essex county, with regard to his appointment under the Farmers' Creditors Arrangement Act.

Also a copy of all correspondence in regard to his resignation and reinstatement.

MORTGAGE CREDITS FOR FISHERMEN

Hon. GROTE STIRLING (Acting Minister of Fisheries) moved that the house go into

committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure for the purpose of establishing a system of long term mortgage credit for fishermen, under the administration of the Canadian farm loan board, and to authorize the government of Canada to provide initial capital in an amount not exceeding three hundred thousand dollars, and to subscribe an amount of five per cent of the capital stock as loans are made; to purchase fishermen's long term loan bonds in an amount not exceeding five hundred thousand dollars; and to guarantee the principal and interest of such bonds to an amount not exceeding one million dollars.

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.

B.C. RELIEF CAMP STRIKERS

On the orders of the day:

Mr. F. W. TURNBULL (Regina): Mr. Speaker, would the Prime Minister advise the house of any recent developments in connection with the marchers from Regina?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, on Saturday last a committee of the government met eight representatives of the so-called marchers at Regina. The spokesman was one Arthur H. Evans. The other seven admitted that they were not born in Canada. Evans was the only Canadian-born of the eight. He himself has a criminal record. He was apprehended in 1922 at Drumheller for gambling and was dismissed, as Arthur H. Evans. On January 16, 1923, at Drumheller, he was charged with forgery. His bail of $500 was estreated, the warrant having been issued at Calgary. In January 16, 1924, he was tried at Calgary for fraudulent conversion, which I may say under the criminal code is theft, and he was sentenced to three years in Saskatchewan penitentiary as Arthur H. Evans, No. 1042. On March 18, 1925, he was released on ticket of leave. On September 15, 1933, at Vernon, B.C., he was sentenced to one year in the provincial gaol.

The delegation made certain demands upon the government which I think beyond question it was realized were incapable of being granted by any government in whole at least. It was apparent from what Mr. Evans said that he represented what he called the Unity League and various other organizations the purpose of which was to destroy constituted authority. The government has given a very great deal of anxious thought to the situation that has thus been created. It is a situation in which propaganda which is not confined to Canada is being carried on by well organized forces. The ends they have in mind are well known and they do not hesitate to express them, and their last threat was to call upon those whom they control to resist to the full any effort to maintain law and order.

The government realizes that a number of younger men of no evil disposition who have been taken from these camps and induced to believe that they were the victims of hardship and of wrong on the part of the government of the country have been misled. I endeavoured to point out to this delegation that the appeal to human sympathy is still very strong in a country such as this, and that these men more than any others knew that they were taking men who were inexperienced and young and exploiting them for the purpose of advancing their sinister purposes.

It is well perhaps for me to state to this house, in order that there may be no misapprehension, that the camps to which reference has been made have won the warm support and approval of those who have inspected them, including people well able to arrive at conclusions how single, homeless, unemployed men might be cared for, and some of the most distinguished social workers from other countries have expressed warm approval of the action that has been taken.

I endeavoured to explain to the delegation that these camps were in no sense regarded as permanent camps; that they were temporary institutions created to supply shelter, clothing and food to single homeless, unemployed men. They were not under discipline, and the only restraint imposed on them was that of good conduct. They were not compelled to work, but work was provided for them, and they were paid a very small sum, not as charity, but to enable them if they so desired to purchase small comforts. They received twenty cents per day. The amount paid in the province of Manitoba I think by the provincial authorities to the men in their camps is ten cents.

The Department of National Defence provided the administration—the administration of the commissariat and the supervision and the general administration connected with the maintenance of the camps. I myself have visited two of these camps unannounced, and I venture to say, as I said to the delegation on Saturday, that many, many Canadians who are living to-day on farms and others living in cities and towns are not nearly so well provided for as those who are living in these camps. Listening to the appeals made to them, the men left the

camps. One of the representatives of the second group who admitted that his business was to agitate and to organize the forces of these men, and who had formerly been a resident of Glasgow, was a very well spoken man, and he had no hesitancy in stating what his purpose was.

We therefore made it quite clear that so far as the government was concerned it accepted its responsibility and that the challenge to organized society which these gentlemen had made would be met, and we asked as I now do that all good citizens in this country who believe in the maintenance of law and order shall use their influence and their power and their authority to that end.

The government is not unmindful of the difficulties that have arisen by reason of these men having moved as far east as they have. The eight who met me gave their residence as Vancouver but I take it that they meant that was the last place at which they had been. I think that was quite clear when they explained that they were not born in Canada and some of them had been here but a limited length of time. I endeavoured to explain to them what must be known to all the house, that to trespass upon railway property in large numbers, taking possession of cars and trains and moving eastward, endangered in the numbers that were gathered together not only human life, the carriage of the mails and the transportation of freight but the property of the railway companies. It was apparent that at the camp at Dundurn not far from Saskatoon, there had been a measurable amount —I shall endeavour to be very low in my estimation—of, shall I say comfort and satisfaction enjoyed by those who were at that camp. They had shown no disposition to leave the camp but when these agitators had finished with them they marched down and joined the others at Regina. Apparently word had been sent ahead to other men because a considerable number left other camps in Alberta, augmenting those from British Columbia by several hundreds. That being so, we explained to them as reasonably as we could that the challenge to government involved in that conduct would be met and that the organized forces to maintain society would endeavour to preserve law and public safety and human life and the property of the public utilities which I have mentioned.

The government also realizes that the numbers at Regina will have to be dealt with. I told the delegation that the men would be permitted to return to their camps assuming that that meant, as they understood, that the agitators would neither want to go nor would go back to the camps. The government realized that something should be done in the way of making immediate provision for these men who were congregated at Regina. We suggested that we would establish under the auspices of Mr. Burgess, who represents the Department of Labour, a temporary camp at some point in the vicinity of Regina where the strike marchers may go if they so desire and where they will receive necessary food and shelter until their final destination is determined. Under the arrangement made by the Minister of Railways and Canals (Mr. Manion) and the Minister of Agriculture (Mr. Weir) with a committee of the strike leaders at Regina last week, the marchers will continue to be fed at the expense of the government until Wednesday forenoon of this week; after that, the marchers will be permitted to go into the temporary camp which will be established on Wednesday next, where food and shelter will be afforded. The government further desires that it be clearly known that consideration will be given to the wishes of the marchers who enter the temporary camp and who desire to return to the camps from whence they came or to other camps of a similar kind in western Canada. The cases of individuals who have homes to which they may go in other parts of Canada will be considered on the basis of assistance in transportation to enable them to reach their homes.

I desire to make known in the clearest terms I am capable of uttering that this movement in Canada is neither national nor continental, it is international. I regret to make that statement. I should like to quote a cable which I received from Paris, as follows:

> We sharply protest police terror against striking seamen dockers in Vancouver. Demand withdrawal police from strike area and assurance of right to strike.
>
> International of Seamen and Harbourworkers.

The hon. member for Vancouver Centre (Mr. Mackenzie) is familiar with the conditions which exist in that city and the mayor of Vancouver has declared the purposes of those in charge of this breach of the law. I was somewhat surprised to receive that cable from Paris but in view of what has happened in other parts of this continent in connection with these matters I do not know that I should have been surprised.

I desire to inform this House of Commons and I hope the country, that the government is fully seized of the seriousness of the situation and it believes as firmly as it is possible to believe that the present movement of these

marchers upon Ottawa in defiance of the law is in reality an organized effort on the part of the various communists organizations throughout Canada to effect the overthrow of constituted authority in defiance of the laws of the land. The government is determined to maintain law and order by all the means within its power and calls upon all law abiding citizens to assist to that end. Definite instructions have been given to the Royal Canadian Mounted Police at Regina to assist the officials of both railways in preventing further trespasses upon railway property or upon railway trains and the marchers have been notified that they will not be permitted to continue their eastward journey by the unlawful use of railway transportation.

Mr. MacINNIS: Owing to the admitted seriousness of this situation, I wonder if the Prime Minister (Mr. Bennett) would set aside a time in which this matter could be discussed in the house before adjournment takes place.

Some hon. MEMBERS: No.

Mr. MacINNIS: I would prefer an answer from the Prime Minister.

Mr. BENNETT: I would not think that would serve any useful purpose at the moment, but I shall give it consideration.

SUPPLEMENTARY ESTIMATES, 1935-36

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1936, was presented by Right Hon. Sir George Perley (for the Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

Mr. MACKENZIE KING: Could the right hon. gentlemen inform the house if the estimates which he has just brought down will conclude those that will be presented to the house at this session or will there be still further supplementaries?

Sir. GEORGE PERLEY: As far as I know there will be no further estimates.

DOMINION FRANCHISE ACT

Hon. C. H. CAHAN (Secretary of State) moved the third reading of Bill No. 109, to amend the Dominion Franchise Act.

Motion agreed to on division, bill read the third time and passed.

SUPPLY—CONCURRENCE

Right Hon. Sir GEORGE PERLEY (for the Minister of Finance) moved:

That the reports made by the committee of supply on February 5, 8, 22 and 28; March 1, 4, 5, 11, 12, 14, 15, 18, 19, 25 and 29; April 1, 4, 5, and 12; June 3, 4, 6, 7, 14 and 20, be now received, read a first and second time and concurred in.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

SUPPLY BILL

Sir GEORGE PERLEY (for the Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

Sir GEORGE PERLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1936, the sum of $141,145,120.83 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolutions reported, read the second time and concurred in. Sir George Perley thereupon moved for leave to introduce bill No. 116, founded on the resolution.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I had in mind to say to my right hon. friend a moment ago that we have no desire on this side of the house to delay the proceedings, but I do not think we ought to allow the government to get away with all the main estimates of the session until we have some definite understanding as to the time the session is to conclude. Perhaps my right hon. friend will let the bill stand at this stage and possibly before another sitting we can have an understanding as to further measures that will have to be considered before parliament prorogues.

Sir GEORGE PERLEY: Perhaps my right hon. friend will allow the bill to be read the first time, and then it can stand.

Mr. MACKENZIE KING: That will be all right.

Motion agreed to and bill read the first time.

COMPANIES ACT, 1934, AMENDMENT

The house resumed from Friday, June 21, consideration in committee of bill No. 85, to amend the Companies Act, 1934—Mr. Cahan—Mr. Smith (Cumberland) in the chair.

On section 5—Consideration for any shares allotted must be adequate.

Hon. C. H. CAHAN (Secretary of State): We have had considerable discussion with regard to section 5 of the bill and I am going to suggest that the section be amended by striking out subsection 9 and substituting the following therefor:

(9) Shares in the capital stock of the company having a nominal or par value shall not be issued as fully paid except for a consideration payable in cash to the total nominal amount of the shares so issued or for a consideration payable in property or services which in all the circumstances of the transaction may justly be deemed adequate consideration therefor:

Then the latter part of the clause remains as it is now:

Provided that this subsection shall not apply to any mining company..

And so on.

Mr. BOTHWELL: What effect will that have on the no par value shares? In the old subsection 9 which is being repealed reference is made to shares, whether common or preferred, or whether with or without nominal or par value. This new amendment simply deals with shares having par value. What effect has it on the no par value shares?

Mr. CAHAN: This does not apply to no par value shares because under the act as it now stands no par value shares are issued for a consideration to be fixed by the board of directors. There is a difference between no par value and par value shares; par value shares must be paid up in cash or the equivalent. All the no par value share gives is a pro rata interest in the property of the company.

Mr. BOTHWELL: Personally, I think it is an improvement.

Mr. RALSTON: I think this amendment would put a premium on the issuing of no par value shares; that is to say, no par value shares can be issued for such consideration as the directors may think fit, whereas the par value shares will have to be issued for such consideration as in all the circumstances of the transaction may justly be deemed an adequate consideration therefor. The trouble with that section, as was pointed out when the bill was up the other day, is that it leaves it to someone in the future to project his mind back and determine what was adequate consideration in all the circumstances at the time the shares were issued. In the interests of shareholders there ought to be some certainty about this matter. As I pointed out the other day, those who buy shares should not be left in the position of having it as a possibility that they may be put on a list of contributories two or three years hence on the ground that it was then possible to establish that the consideration was not adequate. The directors have to take come responsibility with regard to this matter. It is proposed by section 96B to bring that responsibility home to the directors by providing that any director is to be liable for the difference between the amount of the nominal value of the shares and the true amount which the property or service represents. This amendment should provide for an express resolution by the directors to the effect that they have determined in all the circumstances of the transaction that the property or service which it is proposed to transfer to the company in consideration of the issue of shares is a justly adequate consideration therefor. That means that the directors must go on record; they have before them those words and they must put them in the resolution: "A justly adequate consideration" for the shares which are being issued. Then section 96 would apply thus: in case of any shares issued where such a resolution has not been passed, or if it is proved that as a matter of fact the director knew the consideration was inadequate or that he failed to take reasonable steps to ascertain whether the consideration so received by the company was in fact adequate, he is liable for the deficiency between the actual value of the property and the nominal value of the shares which are to be issued. I do not see how we can go further than that without injecting a great deal of uncertainty and the possibility of a good deal of hardship in connection with the issue of shares. I am going to ask the Secretary of State (Mr. Cahan) if he will accept an amendment which I have just drawn up to the one which he has suggested so that subsection 9 will read:

Shares in the capital stock of the company having a nominal or par value shall not be issued as fully paid except for a consideration payable in cash to the total nominal amount of the shares so issued, or for a consideration payable in property or services which the directors may determine by express resolution to be in all the circumstances of the transaction a justly adequate consideration therefor.

And then go on with proviso with regard to mining companies as is provided in the amendment the Secretary of State has just read. Otherwise we shall have a totally different state of affairs as regards no par value shares from that regarding par value shares. After all we have to put the responsibility on the directors, and section 96B puts a very stringent penalty upon the direc-

tor who does not do his duty with regard to inquiring as to the adequacy of the consideration.

Mr. CAHAN: If I understand the amendment suggested, it would mean that when shares are issued under these circumstances for property as fully paid, those to whom the shares are allotted or the transferees of such allottees would not be liable even if the consideration were inadequate, but that the directors personally would be liable under the proposed section 96B. Is that the view of the hon. gentleman?

Mr. RALSTON: That would be the effect.

Mr. CAHAN: There was on Friday last a quotation by the hon. member for Hants-Kings (Mr. Ilsley) from Mr. Wegenast in which I concurred. He quoted Mr. Wegenast as saying:

> Present law requires consideration to be not merely adequate in all circumstances but to be equivalent of par value or issue price of stock although in some cases courts have shown reluctance to go behind honest decision of directors.

I think that is the present law. If that is an issue to be discussed, I can show from quotations from the 1934 act that that is the present law. On the other hand I am not surprised that courts have been reluctant to go behind the honest decision of the directors. We cannot require of directors any more than that they shall make adequate inquiry and then give an honest decision. I think that is the present law, but so far as I am concerned, if we are to consider amending section 96B so as to make directors liable to the limit, I do not object to the change as proposed by the hon. member for Shelburne-Yarmouth (Mr. Ralston).

Mr. ILSLEY: I am sorry not to be able to agree with the hon. member for Shelburne-Yarmouth. I think the section would be whittled down far too much by amending it in the way proposed by him. It seems to me that there is no hardship in requiring a subscriber for shares to pay for them in either cash or property or services, and I would have no objection, so far as that point is concerned, to the section as proposed by the Secretary of State. I would be afraid if we went any further we would not be making any reform whatever; in fact, we would be going backwards. Certainly if the law is as stated by Mr. Wegenast and by the Secretary of State, the section drafted by the Secretary of State merely states with almost exactitude the law as it exists at the present time, and I do not think we would make it easier than it is at present for persons to get shares without paying for them.

Mr. RALSTON: I think the hon. member for Hants-Kings is wrong in suggesting that we are going backwards. Where we are going forward and making a very long step forward is in section 96B; it never existed before and, as I understand the matter, is not the law to-day. If you come to the stage where you could prove the directors were actually guilty of fraud, then there might be some common law remedy by the company against the director. But now what I am suggesting is putting par value shares on exactly the same basis as no par value shares, namely, that the consideration shall be such as is solemnly, honestly, to use the word used by the Secretary of State, determined by the director as being an adequate and just consideration under all the circumstances. Then we come to section 96B which is a sweeping reform, which provides that any director who fails to take reasonable steps to ascertain the adequacy of the consideration; that is, even if he had an honest belief in the adequacy of the consideration, if it is proved that he did not take steps to check up that belief, he is going to be liable for the deficiency between the consideration received and the nominal value of the shares. That is a pretty stiff penalty to put on directors, and anybody who wished to make a step forward in that direction and wanted to make blue sky laws would have no apology to make for that particular section. But in subsection 9 under section 5 we place par value and no par value shares on the same basis as regards consideration in so far as the allottee is concerned. If he gets a certificate with the words "paid up" on the face of it as a receipt from the directors saying that they have determined that that is the consideration which he hands to them as a just and adequate consideration under all the circumstances, it does not seem to me that he ought to have to face a liquidator two or three years afterward in order to make up that consideration. Everyone knows how absolutely impossible it is to take a pencil and figure out exactly the dollar value of some of the considerations put into a company. As long as it is honest and adequate according to their judgment, after reasonable inquiry has been made as to its adequacy, it seems to me we should not go further.

Mr. BENNETT: I am in the position of agreeing with the hon. gentleman. I think if we are to enact this section it is an abundant precaution to provide that the

public shall be protected by resolution passed by the directors. The provision that the minister has made that action shall be taken in any event within three years to protect the situation to which attention was directed the other day by the hon. member seems to me most reasonable. But I believe it is in the public interest to have that on the record, that the directors pledge their judgment and the exercise of their discretion that the services or property received for the shares were just and adequate and warranted the issue of fully paid up shares to the extent mentioned. Then when you apply section 96 as amended by the minister I think you will have as complete a case as you ever get in the world. I think it is a strengthening of the position, may I say to the hon. member for Hants-Kings (Mr. Ilsley), because then anyone who inquires will have a resolution of these men that the consideration is in their judgment just and adequate. If there is fraud I think there is no doubt about their liability. Now a statutory liability will be imposed upon them within the three years, being the limitation suggested by the minister. I believe this is a strengthening of the law.

Mr. CAHAN: If the house will consent, I withdraw the amendment I proposed, so that the vote may be on the amendment of the hon. member for Shelburne-Yarmouth.

The CHAIRMAN (Mr. Smith, Cumberland): The amendment to the amendment reads:

> Shares in the capital stock of the company having a nominal or par value shall not be issued as fully paid except for a consideration payable in cash to the total nominal amount of the shares so issued, or for a consideration payable in property or services which the directors may determine by express resolution to be in all the circumstances of the transaction a justly adequate consideration therefor.

Mr. BENNETT: I think you had better say "just and adequate."

Mr. BOTHWELL: If I understand the remarks of the hon. member for Shelburne-Yarmouth (Mr. Ralston) he wishes to have not only this section but 96B amended so that stock in the hands of transferees cannot at any time be affected. I am opposed to this amendment. The wording of that is that the directors simply have to pass a resolution that in their opinion the consideration is just and adequate. For the exploiting promoter—and I understand it is being done now—the provisional directors of the company are clerks in the office of some firm of solicitors. What would prevent a company such as that having the first permanent directors consist of the same provisional directors, and at a later time transfer to the actual people who are promoting the company?

Mr. CAHAN: If I may interrupt, that may no longer take place under this act, and no longer does take place under it. It is no longer permissible to file a statement in lieu of prospectus; if shares are put out to the public they must be put out with a prospectus and with all the particularity required by the prospectus. We have got beyond the stage, which the hon. gentleman suggests, in the 1934 act.

Mr. RALSTON: My hon. friend is wrong also in his assumption in regard to the change in 96B. The only change I would suggest in that is—I presume it is intended to exempt mining companies; I do not care whether that is done or not—that a director be liable if this resolution has not been passed, as well as being liable if he has failed to make proper inquiry as to the adequacy of the consideration, or has knowledge that the consideration is inadequate.

Mr. CAHAN: We shall consider that in a moment.

Mr. RALSTON: I want to point out also that it is not simply passing an opinion, but a solemn determination by the directors.

The CHAIRMAN (Mr. Smith, Cumberland): I understand the hon. gentleman agrees to change the words—

Mr. CAHAN: No, he moves the whole as a new amendment.

Mr. ILSLEY: The proviso about mining companies should certainly come out if that amendment goes in, should it not?

Mr. CAHAN: I am not particular about mining companies. I regard mining companies as no more speculative than most other companies. But that is the express recommendation of the price spreads commission, of which the hon. gentleman was a member.

Mr. ILSLEY: But we are making all sorts of amendments in sections here, we are a hundred miles away from the price spreads commission.

Mr. CAHAN: No, we are getting nearer to it. I am perfectly willing, and if the hon. gentleman wishes, I think there will be no objection to strike out all the words of the proviso:

> Provided that this subsection shall not apply to any mining company ...

Then the directors will have to make this solemn affirmation and be responsible if it is not—

Mr. RALSTON: A true statement.

Mr. CAHAN: —a fair statement. We will strike out all the words after the word "services."

Mr. BRADETTE: The minister is aware of the blue sky laws, that are very drastic as far as mining propositions are concerned. This law is likely to conflict with mining. In Ontario we have the blue sky law, very drastic.

Mr. CAHAN: But they apply to all these companies, and I am not infringing on provincial jurisdiction.

Mr. BRADETTE: I believe originally it was better than it is now.

Mr. ILSLEY: There is no conflict with any blue sky law. My amendment does not make it easier for directors of mining companies, it makes it harder.

Mr. BENNETT: There is no conflict.

The CHAIRMAN (Mr. Smith, Cumberland): Amendment carried without the proviso.

Mr. BENNETT: Did you change the words "just and adequate"?

Mr. CAHAN: Now coming to the other section, I suggest and move, that section 96B be amended as shown in section 96B of section 15 of the bill, by striking out the first subsection, that is the one that remains. I think we have passed the other subsections, because we dealt with the word "speculate" and with the restriction to public companies. I suggest that we strike out subsection (1) of 96B and substitute the following therefor:

(1) The directors of a public company shall not authorize the issue and allotment as fully paid of shares in the capital stock of the company having a nominal or par value, except for a consideration payable in cash to the total nominal amount of the shares so issued, or for such consideration payable in property or services as the directors may determine by express resolution to be in all the circumstances of the transaction a just and adequate consideration therefor.

Then this amendment will correspond with the previous amendment. It should read "such services as may be deemed just and adequate," so as to correspond with the former amendment. Then, I also move to strike out the words "of promoter."

Mr. BOTHWELL: That word appears in subsection (2) of section 96B?

Mr. CAHAN: Yes, in subsection (2). I am moving to strike out the word "promoter" because it does not apply in that subsection at all. We make the directors responsible.

Then, another suggestion made the other evening was to add to subsection (3) the following words—

And no such suit shall be commenced after the expiration of three years from the date of allotting such shares.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendments carry?

Mr. ILSLEY: I should like someone to explain what directors will be liable for, if the section passes as amended. Are they liable for not passing the resolution for which provision is made in section 5?

Mr. CAHAN: I am simply amending the first subsection. But if they comply with that subsection, then if you will turn to page 10 of the bill you will find that they are liable "at the suit of any director, shareholder or creditor of the company, to make good to the company the amount by which the consideration actually received by the company for any shares so issued and allotted as aforesaid, is found by the court, after full inquiry into the circumstances of the transaction, to be less than the amount of the consideration which the company ought to have received for such shares." So in the case of the par value shares the liability is for the difference, because now that amount is the full amount of the par value shares issued.

Mr. ILSLEY: In the case of cash. But in the case of property or services there is no obligation to get the full equivalent, if the amendment proposed is carried.

Mr. CAHAN: We provided for that in our amendment to section 5 of the bill when we stated that they must receive the just and adequate equivalent. We provide in this instance that if they do not receive the just and adequate consideration they are liable for the difference.

Mr. ILSLEY: I would not think so. I would think that by law all they are obliged to receive is what they say, by resolution, is a just and adequate consideration.

Mr. CAHAN: I beg the hon. member's pardon. I do not wish to be petulent, but I must direct his attention to the top of page 10 of the bill, where he will find these words:

Every director of a public company who is a party to authorizing the issue and allotment of any shares of the capital stock of the com-

pany as fully paid up shall be liable, jointly and severally with his co-directors, at the suit of any director, shareholder or creditor of the company, to make good to the company the amount by which the consideration actually received by the company for any shares so issued and allotted as aforesaid is found by the court—

Not by the directors—

—after full inquiry into the circumstances of the transaction, to be less than the amount of the consideration which the company ought to have received for such shares.

Then it goes on to impose conditions as to knowledge, and that sort of thing.

Mr. ILSLEY: That is what I have been saying. Where is the obligation? There is no absolute obligation anywhere.

Mr. CAHAN: I beg the hon. member's pardon.

Mr. ILSLEY: Where is the obligation to insist upon getting the full value?

Mr. CAHAN: The obligation is contained in section 5 of the bill, which we have just passed.

Mr. ILSLEY: I understand that.

Mr. CAHAN: We have rendered it unlawful to issue shares for any consideration other than that which is just and adequate. Then, in the clause now before us, the penalty clause which I have just read, we say that if it is found by the court to be inadequate then each and every director is responsible for paying the difference to the company.

Mr. ILSLEY: Yes. If it were as the Secretary of State has explained, it would be all right, but section 5 has been amended. At first, section 5 was as the Secretary of State has now indicated. That is to say, what the court considered just and adequate consideration must be received for the shares. But by the amendment it is changed.

Mr. CAHAN: No.

Mr. ILSLEY: So that the court does not have the say; the directors have the say.

Mr. CAHAN: The directors in the first place, in issuing the shares, have by express terms in a resolution declared that they deemed it inadequate.

Mr. ILSLEY: Yes.

Mr. CAHAN: That is what they must do, as a preliminary.

Mr. ILSLEY: Yes, that is right.

Mr. CAHAN: But if that which they declare to be adequate is found subsequently by the court to be inadequate then the directors are liable, under this section, which is a penalty clause, and must pay to the company the difference so ascertained by the court.

Mr. ILSLEY: I submit your section does not say that. It does not say it in those words, and does not make that implication.

Mr. CAHAN: I think it does.

Mr. ILSLEY: In effect it states, "if it is found to be less than the amount of consideration which the company ought to have received for such shares"; and the amount which the company ought to have received for such shares is the amount fixed in the resolution by the directors. That is all.

Mr. RALSTON: I submit, further, that the Secretary of State should include in the section a penalty to be imposed upon the directors if the resolution has not been passed. In other words they should be liable for the deficiency (a) if the resolution has not been passed, or (b) if they had knowledge of the inadequacy of the consideration, or (c) if they failed to take reasonable steps to ascertain whether or not consideration is inadequate. Therefore, in line 9 after the word "shares" I would have the section read:

If the resolution refered to in subsection (9) of section 12 of this act has not been passed, or if it is proved, as to any such first mentioned director, that such director (a) had knowledge of the inadequacy of the consideration so received by the company; or

(b) failed to take reasonable steps to ascertain whether the consideration so received by the company was in fact adequate consideration.

Mr. CAHAN: Do you make a new subsection out of it?

Mr. RALSTON: I move it as an amendment to be inserted in subsection (2) of section 96B. It is "and which provides an additional contingency upon which directors are liable."

Mr. CAHAN: Where would the amendment be inserted?

Mr. RALSTON: After the word "shares" in line 9 of the bill.

Mr. CAHAN: It simply imposes the same liability, in case the directors' declaration has not been made on the issue of the shares.

Mr. RALSTON: Yes.

Mr. CAHAN: I have no objection to that.

Mr. BOTHWELL: Before the section is carried I should like to express my view on the amendment to section 5 taken in conjunction with the amendment to this section. I think

the words "ought to have received" relate back only to the resolution that is spoken of in section 5, and if these amendments that are proposed go through with the amendment to section 5 that has been carried, I do not believe there is any penalty at all on the directors whether just and adequate consideration for the shares is given or not. The words "ought to have received" relate back to the resolution, and there is no penalty at all whether the consideration is just and adequate or not.

Mr. CAHAN: I can remedy that in a moment. There is no doubt that we both desire the same thing. If you strike out the words in line 8 on page 10, "amount of the" and substitute therefor the words "just and adequate" so that it will read, "to be less than the just and adequate consideration which the company ought to have received for such shares," I think that would meet the objection. What does my hon. friend from Hants-Kings (Mr. Ilsley) think? We all have the same intent, if we can only select the words to give expression to it.

Mr. ILSLEY: Yes.

Mr. RALSTON: As I understand it, subsection 1 of the bill as printed is being amended by the Secretary of State in the amendment he read, but the latter words of that subsection are being suggested to meet the change which has been made in section 5. I pencilled an amendment to subsection 1 just to use exactly the same words as are used in section 5.

Mr. CAHAN: I have no objection to that. I thought that it passed. We are simply using the same phrase exactly in all three cases.

Mr. RALSTON: Does the Secretary of State intend subsection 2 to apply to a private company?

Mr. CAHAN: No. We agreed, as I understood it, at the last sitting of the committee, that line 42 in 96B should apply, to "directors of a public company"—

Mr. RALSTON: That is to be changed all through the section?

Mr. CAHAN: All through the section. Wherever the word "company" is found in the section the word "public" should precede it. I think we all agreed to that.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendments carry?

Mr. BOTHWELL: Mr. Chairman, is it the amendment to subsection 1 that you are now putting?

The CHAIRMAN (Mr. Smith, Cumberland): The amendments to one, two and three.

Mr. RALSTON: Put them separately.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the amendment to section 1, clause 96B, carry?

Amendment agreed to.

Mr. CAHAN: The amendment to subsection 2 strikes out the word "promoter" and adds the word "public" before "company" wherever it appears.

Mr. RALSTON: And strikes out the words "amount of the" consideration in line 8 on page 10, and substitutes the words "just and adequate"?

Mr. CAHAN: Yes.

Amendments agreed to.

Mr. CAHAN: We have struck out the words, "or promoter" and we also agreed to add to subsection 3 "and no such suit shall be commenced after the expiration of three years from the date of the allotment of such shares."

Mr. RALSTON: The consent of the Secretary of State is required when the suit is by a director or shareholder but not when the suit is by a creditor.

Mr. CAHAN: What we had in mind was this. We are going to have a board to which these investigations and inquiries will be submitted, and as between shareholders and suits between directors inter se, there shall be an inquiry and the Secretary of State will simply express the judgment given by the board of inquiry. But as to a creditor, if he wishes to begin suit, he must begin suit at least within three years after the transaction.

Mr. RALSTON: It seem to me it leaves the opportunity for blackmail.

Mr. CAHAN: I know, but that is the whole difficulty.

Mr. RALSTON: If you worded it so that an action brought by a creditor must have the consent of the Secretary of State, then you would have some dignified proceedings. But to permit creditors to run around and threaten actions against directors if they are not paid leaves the door open, I should think, to very grave abuses.

Mr. CAHAN: Will my hon. friend look at it again, for we all have the same object in view I am sure. Suppose that in line 24 after

the words "in whole or in part" we place a semicolon, and then the word which I suggest "and no such suit shall be commenced after the expiration of three years from the date of the allotment of such shares"; that will apply to the entire second subsection.

Mr. RALSTON: I agree.

Mr. CAHAN: That is what is intended.

Mr. RALSTON: I still think that the word "creditor" should be put in with director and shareholder. I think the simplest way would be to strike out the words "by any director or shareholder of the company" in line 18.

Mr. CAHAN: I am quite content. We have the same object in view.

Mr. RALSTON: I am talking about fairness. A director or shareholder may not bring any action without the consent of the Secretary of State but it is the creditor who is most likely to bring an action to annoy a director and say "If you don't pay me this, I will drag you into court."

Mr. CAHAN: Insert the word "creditor" after the word "any" in line 18. Then strike out the words "and no such suit shall be commenced by any creditor of the company until an execution," and so on. Then he has no right to bring his suit.

Mr. RALSTON: A company is defunct and a creditor says, "I will bring an action against you, you had better pay me."

Mr. CAHAN: He cannot until he has exhausted the company's resources.

Mr. RALSTON: If an inquiry by the Secretary of State as to whether there has been honest administration of the company is necessary in the case of a shareholder or director it is equally necessary in the case of a creditor.

Mr. CAHAN: We have provided for that now.

Mr. BOTHWELL: I fail to see why a creditor or shareholder should have to make application to the Secretary of State before taking such action. If the directors of a company were acting fraudulently or were issuing stock for an unjust or inadequate consideration, surely the shareholder or the creditor should have the opportunity of taking action in order to get justice? I thought the section was weak enough without the addition of the word "creditor."

Mr. RALSTON: So far as I know this is the strongest section which has been passed in any parliament or legislature. I understood that the price spreads commission had recommended the setting up of a commission and one would think that before any action was taken there would be an inquiry by the commission. If the commission found that they should come within the act, they would have to take their medicine.

Amendment agreed to.

Mr. ILSLEY: I moved an amendment to this section.

Mr. CAHAN: I thought the hon. member just suggested one.

Mr. ILSLEY: I was content to let it stand for the time being but I want it dealt with now. My amendment added a subsection to this section to preserve the present common law rights. The Secretary of State said that he thought my amendment would create some confusion but I do not see the force of that or any other objection he has taken.

Mr. CAHAN: The common or civil law rights remain. There is absolutely no doubt in my mind that the statutory liability stands according to the terms of the statute but a statutory liability does not wipe out a common law or civil law liability. In the criminal code we impose statutory liabilities but except where there are express terms to that effect they do not wipe out the common law liability.

Mr. ILSLEY: There is a section in the criminal code which expressly makes that provision.

Mr. CAHAN: Unless it is so stated. If my hon. friend has had much experience in criminal work he will know that with respect to many crimes you may present your indictment under the statute or under the common law. I would prefer to leave out my hon. friend's amendment because it would only complicate the matter.

Mr. ILSLEY: The criminal code contains a section which states that common law rights are not affected except in so far as the matter is dealt with by the act. A common law crime remains a common law crime. We are codifying the law of the liability of directors and I think that is the first point that will be raised. I think it will be found that we are dealing with a matter upon which there is some case law. There is a three-year limitation put into force by this section and it will cut down the rights against directors unless there is a saving clause inserted at the end. I do not see the force of my hon. friend's objection that this subsection will complicate

matters. I disagree also with the statement of the Secretary of State that this subsection is useless.

Mr. RALSTON: Up to the present those who have issued shares wrongfully are exposed to action on the part of the liquidator. That is one front on which they are liable to fire. We are now proposing that they be exposed to fire from three other fronts, that is, from directors, shareholders or creditors. If that is what we propose to do, we certainly have done it. They are now open to fire from four different fronts and the hon. member for Hants-Kings (Mr. Ilsley) is suggesting that we preserve the line of fire from the liquidator as well as the line of fire from the shareholders, directors and creditors. I do not think there can be any objection to this amendment. I think we are all agreed that it is not intended that the liquidator should be deprived of his right to bring an action against the directors or against anyone who may be involved in the issue of shares for an illusory consideration.

Mr. HACKETT: That is provided under the Bankruptcy Act.

Mr. CAHAN: Quite so.

Mr. RALSTON: I suggest that the Secretary of State make doubly sure by accepting this amendment.

Mr. CAHAN: I think it would complicate matters. Section 53 of the Winding-up Act reads:

53. Every shareholder or member of the company or his representative shall be liable to contribute the amount unpaid on his shares of the capital, or on his liability to the company, or to its members or creditors, as the case maybe, under the act, charter or instrument of incorporation of the company, or otherwise.

(2) The amount which he is liable to contribute shall be deemed an asset of the company, and a debt due to the company, payable as directed or appointed under this act.

When a company goes into liquidation there is another provision provided by section 70 of the Bankruptcy Act which reads:

70. Every shareholder or member of a corporation or his representative shall be liable to contribute the amount unpaid on his shares of the capital or on his liability to the corporation or to its members or creditors, as the case may be, under the act, charter or instrument of incorporation of the company or otherwise.

2. The amount which the contributory is liable to contribute shall be deemed an asset of the corporation and a debt payable to the trustee forthwith upon the making of a receiving order against the corporation or on the execution by the corporation of an authorized assignment.

3. If a shareholder has transferred his shares under circumstances which do not, by law, free him from liability in respect thereof, or if he is by law liable to the corporation or to its members or creditors, as the case may be, to an amount beyond the amount unpaid on his shares, he shall be deemed a member of the corporation for the purposes of this act and shall be liable to contribute as aforesaid to the extent of his liability to the corporation or its members or creditors independently of this act.

4. The amount which he is so liable to contribute shall be deemed an asset and a debt as aforesaid.

My point is that we deal with the statutory liability of the directors or the shareholders by the terms of the Companies Act, 1934, as we are now amending it. We do not go on to determine the liability to the trustee or to the liquidator; and we never have dealt with such liability in any company legislation, except in the Winding-up Act and in the Bankruptcy Act. I suggest that this proposed amendment complicates the situation unnecessarily. After all, we have an express statutory provision with regard to liability in the Winding-up Act, we have another express statutory provision under the Bankruptcy Act, and I think it is unwise to complicate matters with an amendment to the Companies Act such as that proposed by my hon. friend.

Mr. ILSLEY: Upon looking at the sections read by the Secretary of State I would think that they applied to the liability of contributories, to shareholders who owed the company.

Mr. CAHAN: The directors also.

Mr. ILSLEY: I do not know about that.

Mr. CAHAN: There is no doubt about it; there cannot be any doubt about it.

Mr. ILSLEY: I suggest that we vote on the amendment.

Amendment negatived.

Mr. CAHAN: I have another suggestion to make. Since this bill was first printed there have been a number of changes in the numbering of the sections without a corresponding change in section 20. I suggest that in subsection 2 of section 20 the word "four" should be made "three" and that "eleven" and "twelve" should be struck out. We are now dealing with the application of this bill to companies incorporated before the 1934 act, and in order to carry out that intention properly I think the "four" should be changed to "three" and the "eleven" and "twelve" should be struck out. It is quite clear that section 11 on page 8 should not apply to

companies incorporated before 1934, nor do I think that section 12 should apply to such companies.

Mr. BOTHWELL: The meaning then will be that companies incorporated prior to the act of 1934 are still able to carry on regardless of these sections.

Mr. CAHAN: Sections 11 and 12, yes.

Mr. BOTHWELL: That is to say, sections 2, 3, 5, 6, 7 and 16 will remain. In future operations of companies incorporated prior to 1934 these sections will not apply.

Mr. CAHAN: Yes.

Mr. BOTHWELL: Would not that permit existing companies to do the things that we are trying to prevent new companies from doing? We are strengthening the act with the intention of compelling companies incorporated since 1934 to receive a just and adequate consideration for stock issued. If we except these sections with respect to existing companies then such companies, with regard to new stock issues, will be able to do the things we are trying to guard against.

Mr. CAHAN: Take 96A and 96B, for instance; they will apply to all companies, whether incorporated before 1934 or since. I have no objection if the hon. gentleman thinks that section 5 should apply to the old companies.

Mr. BOTHWELL: If the "five" is struck out of this subsection it would meet my objection. I do not see why that section should not apply to future issues by present companies.

Mr. CAHAN: I have no objection, except that we have always made provision that in the enactment of substantial amendments they should not apply to incorporations under previous acts. However, I am perfectly willing to accept the amendment proposed by the hon. member. I move that the subsection be so amended. In other words, "four" will be changed to "three" and the "five" will be struck out with the "eleven" and the "twelve."

Amendment agreed to.

Section as amended agreed to.

Mr. CAHAN: I beg to move the following as a new section:

21. This act shall come into force in whole or in part upon dates to be fixed by one or more proclamations of the governor in council.

It would be unfair in regard to new accounting provisions not to give some weeks notice, because some companies are making annual returns already in accordance with previous accounting provisions and they should have thirty or sixty days to enable them to bring these new provisions into effect.

Section agreed to.

Bill reported, read the third time and passed.

DOMINION HOUSING ACT

PROVISION FOR LOANS BY GOVERNMENT AND LENDING INSTITUTIONS UP TO EIGHTY PER CENT OF COST OF CONSTRUCTION

Right Hon. Sir GEORGE PERLEY (for the Minister of Finance) moved the second reading of Bill No. 112, to assist the construction of houses.

He said: The plan covered by this bill is for the purpose of giving encouragement and assistance in the building of new houses, particularly of the kind suitable for the use of those who do not receive large wages. In my opinion nothing could be more helpful during these difficult times. It will provide homes for many of our good citizens who are not in a position to do this for themselves without assistance. This will put them and their families in more sanitary and healthy surroundings and so make for their comfort and ability to earn a living. Further it must not be forgotten that the building of a large number of homes will give work to men in the building trades who are suffering more than any others from present conditions, and indirectly it will give business to many other industries which provide the materials of various kinds used in the erection of these houses.

During this session we had the special committee on housing under the chairmanship of the hon. member for Charlotte (Mr. Ganong) which carefully considered all sides of this question and made a report on April 16. I wish to congratulate the chairman and the committee on their careful work and the excellent report that they made. I hope every member of this house will find an opportunity of reading it. The bill to which I am now asking the house to give a second reading is for the purpose of making a beginning toward solving the very important problem of bringing about healthier housing conditions throughout Canada. The committee recommended the establishment of a housing authority to control the administration and any funds that might be provided for this purpose. This suggestion was given most careful consideration by the government, but we think it advisable, for the present at least, to have the Department of Finance admin-

ister and control this expenditure and, as I stated when we were in committee on the resolution, it is proposed to appoint someone on the staff of that department to do that work under the Finance minister.

As hon. members will see by the bill, the intention is to arrange eighty per cent of the cost by way of loan—sixty per cent from approved lending institutions and another twenty per cent from the government out of the money provided for in this bill. No definite rate of interest is specified, but it is intended to keep this down as much as possible in order to encourage the construction of these much needed houses. In this way we would be able to put this plan into force without very much expense, and later on it can be further considered in the light of any experience that may be gained.

As will be seen, the bill provides by section 3 for further investigation of the various questions contained in the housing commission's report. It is proposed that the economic council shall make an investigation about these various matters and among others, (c) as to plans or proposals that have been adopted elsewhere than in Canada to improve housing conditions and the results that have been achieved; (d) upon the necessity for and as to the feasibility of undertaking clearance and redevelopment of overcrowded areas in any city or town; in other words an investigation into the question of slum areas and what action may be taken to improve them, and (e) as to the factors that enter into the cost of construction of houses and as to the feasibility by any means of securing economies and increased efficiency in such construction.

The intention is that the economic council which will be formed under an act passed this session, will make a report on these various matters, and when that is made it will of course be laid on the table of the house for consideration. I commend this bill to hon. members as a beginning to help cure conditions as they exist.

Hon. J. C. ELLIOTT (West Middlesex): I do not propose to occupy much of the time of the house in a discussion of this bill; I do not think that would be advisable in view of its terms, but there are certain parts of it to which I would like to refer and to which I wish to take special exception. This bill is calculated to encourage housing for wage earners, particularly the lower paid ones, and I see in it no provision for anything except new construction. The provision now in the bill for new construction, unless it is remedied, prevents the possibility of utilizing what might be the most advantageous assistance by way of housing that could be given. Under the terms of the bill submitted to the house, unless there is new construction there does not seem to be any provision for doing what I think is most necessary.

According to the evidence that was brought before the committee there were in the rural sections of Canada in 1931; 21,116 one-family households of owners and 7,261 one-family households of tenants consisting of two or more persons occupying only one room and 753 households of two or more families occupying one room only. In urban Canada there were only 11,975 households of one family of two or more persons in a single room, and only 94 households of two or more families in a single room.

Mr. STANLEY: 1931.

Mr. ELLIOTT: The report of the committee as printed looks as if it were the 1921 census to which reference was made. Probably my hon. friend is right, that that is an error in printing and it should be 1931. I do not think anyone in the house can realize that such a condition exists throughout the rural sections of this country. What that means to the morals, the health and the comfort of these people, it is almost impossible to realize. From this it would look as if in certain of our rural sections conditions are as bad as in the slum areas of the cities. We have in rural Canada to-day—and it is unfortunate that this is true—on the outskirts of the cities thousands of small farms with houses that can be purchased for about the price the committee was considering for an ordinary residence for a low salaried worker. I am sure members particularly from Ontario will bear me out in saying that in that province a number of one-hundred acre farms with houses, barns, gardens and sometimes orchards on them have been sold within the last few years under pressure for less than three thousand dollars. The point I want to urge upon my hon. friend who is in charge of this bill and the government in particular is that encouragement and assistance should be given toward endeavouring to induce the financing for families who are now in the cities or about to be moved off the land, of those low priced farms, small plots, with reasonably adequate housing facilities already constructed upon them. If the bill is left as it is, that cannot be done, because if I read it correctly it provides for new construction only.

After all I do not suppose this proposal would have been considered at the present time except in view of the necessity of unemployment relief. It is part of a plan, or should

be fitted into some plan, for the relief of unemployment. I submit that there is no other way in which many who are on relief in the cities, who are accustomed to rural life, and who would be willing under reasonable circumstances to go back on the land if they could get money at such a low rate that they would be able to finance can so well be aided to re-establish themselves. They would then be taken out of the bread lines in the cities, be placed in the country under fairly happy conditions, where they would be able to raise a considerable part of the necessaries of life, and their morale instead of being weakened would be strengthened. If this were done the various municipalities and the federal and provincial governments would be relieved in large measure of the tremendous burden now imposed upon them for relief. They would not be entirely relieved, but the burden would be substantially reduced.

Perhaps I might trouble the house by referring for a moment to what has been done in the past, both in Canada and in other countries. I fancy my hon. friend who is in charge of this bill has read a considerable portion of the evidence given before the housing committee. It shows the very bad results which followed the scheme adopted under the Ontario housing act of 1919. In the city of Ottawa I think the loss already amounts to something around $352,000. In the city of London, with which I am more familiar, the loss has been quite substantial. These losses have occurred—and this cannot be impressed too strongly on the house—from the fact that some organization was undertaking to build houses for people who were making no contribution towards the cost. The houses were being supervised, and very badly supervised in the cases I have mentioned, by people who were not expecting to reside in them, who did not have a financial interest in them. To be successful any plan must be adapted to meet the natural desire of people to get a home of their own. That element was absent in those cases and therefore the plan did not succeed, the prospective occupants were making no investment themselves. I suppose some of them could not make an investment; for them there will have to be some different plan adopted, perhaps a low rental plan. I think that with the possible exception of Winnipeg perhaps, Toronto has made the greatest success of any city in Canada in the housing business. The plan adopted there was that 85 per cent of the bonds of the housing company, was guaranteed by the council for the construction of these houses. The housing commission paid interest on the money they raised at the rate of six per cent from the year 1923 to 1931. There were a couple of years then that they did not pay interest, and I understand that last year it was again on a fairly paying basis. That is being done by an organization consisting of people interested in the work, doing it as a matter of public service without pay, apart from the manager who is devoting his whole time to it.

[Mr. Elliott.]

Of course one cannot say that what will work well in one country will work equally well in another, where climatic and other conditions are different, but I think that the experience of Great Britain in recent years is the best example that this country can follow at the present time. Therefore I should like to refer the committee to a report which can be found in the December number of the Magazine Digest at page 11. I should like to read a couple of paragraphs:

> Great Britain is now building houses at the rate of a thousand a day, and four-fifths are built by private enterprise without assistance of any kind from the government or from any town or city council. The building of houses on this vast scale has been one of the most important reasons why trade has improved in England.

I am giving you the article as it appears here. That may or may not be entirely accurate; it is the opinion of H. N. Casson, the editor of Efficiency magazine of London.

> The British brickyards are working overtime. They cannot supply the demand. Bricks are being imported from Belgium.

Then it gives the terms on which the houses are sold. It states:

> A typical house which I visited—a $3,125 house—was semi-detached, had a living room and dining room each 13 feet long, three bedrooms, large tiled kitchen, tiled bathroom, separate lavatory, a radio set, electric clock, gas cooker and gas boiler. It had space for a garage. This house had been sold for a deposit of $125 and instalments of $4.37 a week. It is only twelve miles from the centre of London.
>
> Britain is rapidly becoming a nation of home owners. Almost all the new houses are being built in the suburbs. Every house has its little garden. Any working man who can save $150 can have his own home.

He points out that a vital point to remember about this greatest of all house-building booms in Great Britain is that it is due entirely to private enterprise and has come about since the government decided to let housing alone. That is probably too strong a statement to be entirely applicable to this country, but it does show the advantage of having a matter of this kind financed by the people who are directly interested.

Mr. HEAPS: Will the hon. member tell us who is financing these houses?

Mr. ELLIOTT: Yes, I intended to read the set-up as it is given here. Perhaps I can come to that now. First let me refer, without reading it in full, to what happened under the general housing scheme in Great Britain originally, when the government were in charge.

> Immediately after the war the government took over the control of the whole matter of housing and building materials.

They did so in the first year after the war, and in that year not a thousand houses were built in the whole of Great Britain. It says —and I think this answers the hon. member:

> Britain has solved the housing problem by cooperation between the speculative builders and the building societies. The builders design and construct the houses. They engage staffs of salesmen; they advertise in the daily press. The building societies take over the contract, pay cash to the builders and allow the house buyers to pay on the instalment system.

Hon. members will see from the report presented by the housing committee that what has been done in England has to a large extent been accomplished through the encouragement of housing companies. A British building society is a combination of savings bank and mortgage trust. It offers four per cent or five per cent for money. It lends money to house buyers on mortgages and, what seems to me very remarkable, they lend nine-tenths of the price and receive no subsidy or state help. Then the article goes on to outline the success building companies in Great Britain have had. Of the 1,013 building societies which have carried on business in Great Britain only one failure has been reported.

Special reference is made to the Halifax Building Society in Great Britain which now overtops all the others. The article states:

> It has assets of $463,000,000. It has 180,000 borrowers. Its income last year was $166,200,000, and its net profit was $2,184,000. It has been the largest building society in the world for twenty years.

Sir Enoch Hill is the man credited with developing the Halifax Building Society. This man started out in a very modest way at an age when no factory in Canada would have been permitted to engage his services. As a boy eight years of age he worked in a silk spinning factory, and when thirty-seven years of age he became manager of this gigantic corporation. To-day he is looked upon as perhaps the greatest authority in Great Britain on building societies and housing problems. He has visited Canada and the United States and is widely consulted on matters of this kind. The article contains this further statement:

> The general tendency at present in Great Britain is toward less restriction and regulation. The swing is toward more liberty and private enterprise.

In this country I believe in order to be successful the greatest possible liberty and encouragement must be given to private enterprise, if the project is to be a success.

As I stated earlier I do not intend to labour the discussion. In view of what has been done in the old country I believe that many of the people on the outskirts of our large cities engaged in industries could be housed under circumstances advantageous to themselves, the municipalities and the country as a whole. In recent years there have been tremendous drops in construction business. In 1929 the total amount spent in construction in Canada—and this figure is not limited to housing—was $580,000,000. In 1934 the value of construction was only $126,000,000. These figures were given in evidence by representatives of construction trades called before the committee.

Mr. W. L. Sommerville, chairman of the housing committee of the national construction council was called before the committee of this house, and at page 100 of the evidence he states, in effect, that due to the curtailment of purchasing power of the primary producers special consideration should be given by the proposed national housing authority to means of financing farm building improvements, if funds are to be borrowed extensively for rural housing or rehabilitation. A great many people seem to be under the impression that this is a particularly advantageous time to commence construction on a large scale. Perhaps it is more advantageous than it would have been at the peak, but I should like to give to the house evidence indicating the change in material and labour prices. Having done so I believe hon. members will find that the advantage is not as great as they would have expected. At page 91 of the evidence Mr. J. Clark Reilly, an authority in the construction business makes reference to the 1926 material prices, placing them at the index figure of 100. Working from that figure he indicates that at the end of 1934 the figure was 82, against a peak in 1920 of 144. In connection with labour rates he has taken the figure 100 for the year 1913, giving a figure of 147 for 1934 as against 171 for 1926. It would appear that with care this should be a fairly advantageous time for purposes of construction. I have already

referred to the congestion in rural communities. Of course we realize that there is great congestion in many of our larger cities, but I very much doubt whether or not the public realize just what congestion exists in the rural sections.

Directing my observations more particularly to the bill may I state that I am sure hon. members will appreciate what the sponsor of the bill has said respecting the work of the committee. It was a real privilege to sit with the other members under the chairmanship of the hon. member who acted as chairman, and I believe much valuable information was obtained. The evidence is on record, and I do not intend to discuss it at length. I have the greatest respect, for the sponsor of the bill, but I must observe that an examination of what took place before the committee would indicate that the time which elapsed between April 16, the date of presentation of the report and June 18, the date the resolution was moved in the house has not produced the kind of a bill which a matter of so great importance deserves.

Let us sum up what is contained in the bill. First of all we have the title, the first clause stating:

This act may be cited as the Dominion Housing Act, 1935.

That would not require a great deal of consideration. Then we come to the second clause, the interpretation clause of the bill. Paragraph (a) defines the expression "approved lending institution," and states that an "approved lending institution" means a lending institution approved by the governor in council. Then paragraph (e) defines "lending institution" as follows:

(e) "lending institution" means a loan, insurance or other company authorized to lend money on the security of real or immovable property.

It occurs to me that had not the person in charge of drafting the bill been anxious to provide filling for the skeleton, he could have said that an "approved lending institution" meant a "loan, insurance or other company approved by the governor in council and authorized to lend money." Then we have a definition of the term "house," and in it I find nothing new. I think almost any abridged dictionary would give a more exhaustive definition of "house" than we have in this bill. The definition in the bill reads:

"House" means a building intended exclusively for human habitation comprising one or more self-contained dwelling places.

Really that must have been a strain on the man whose ingenuity devised the definition.

[Mr. Elliott.]

Then cost of construction is defined, and, Mr. Speaker, you will be interested to know that:

"Cost of construction" includes, as well as the actual expenditure for building, the cost of the land, legal expenses connected with any loan and any other expense necessary to complete the house.

Then housing scheme is defined:

"Housing scheme" means a scheme for the construction of houses and their occupation by tenants or purchasers.

Sir GEORGE PERLEY: I do not want to interrupt the hon. gentleman, but this would really be better in committee, would it not?

Mr. ELLIOTT: I think I would like to go through with this because there is a principle, or lack of principle, involved in the whole bill, and what I am saying has a definite bearing on that.

Then section 3 tells what information can be collected by the economic council. It is similar, if I recollect aright, to part 4 of the act respecting unemployment insurance. This just enables certain data to be collected.

Then we come to the loaning provision, and I think this is something which the government should consider very carefully, and particularly whoever is in charge of the bill at this and subsequent stages. It has been decided that the government will advance, along with an approved lending institution, 80 per cent of the cost of whatever is constructed—60 per cent by the lending institution and 20 per cent by the government. That makes 80 per cent, and the other 20 per cent must come from some other source. I am not quarrelling with the proportions at all, but I want to point out that under another section of the bill the losses sustained as a result of this housing scheme are to be fixed in the future by a contract made under regulations drawn up by the minister and approved by the governor in council.

Sir GEORGE PERLEY: The Minister of Finance.

Mr. ELLIOTT: Yes, the minister in charge of the bill is defined as the Minister of Finance. I think what this house is particularly interested in at the present time is this, and I do not want to discourage this project at all because we surely have reached the time when something along sound lines must be done; I think the house will be more interested in knowing the proportion of the loss that is to be borne by this government than in knowing the proportions in which this government and the lending institutions advance moneys for the various structures under the scheme. That is the view I have taken after reading the bill carefully. There

is nothing further I have to suggest at the present time, but there are some amendments I would like to suggest when the bill is in committee.

Mr. G. D. STANLEY (East Calgary): Mr. Speaker, I should like to offer a few observations in regard to this bill. First I feel that one should set down the basic understanding of what housing is. The discussion so far might lead one to suppose that it is a matter of construction mechanics, but we were given to understand in the special study of this matter which the committee made that housing as it is defined is a much larger problem than simply the construction of homes. It is a social question. It is very broad in its scope, and one might undertake to say that it includes preventive measures, for instance. It cannot be separated from the general consideration of town planning, and when one speaks of measures for housing one must consider it from that standpoint. Preventive measures certainly belong to it; for instance, the prevention of disease, the prevention of crime, the prevention of delinquency, the prevention of fire, and the consideration of the question must also include such very important things as transportation, parks and all these other matters which are included in the broader and more inclusive consideration of housing. Hence it is borne home to us that in entering upon a housing scheme now, we must do it with the understanding that it is a continuing problem, that we are simply making a start with some phases of it, and it is so important that the foundation of the policy which will direct the nation in its housing undertakings should be laid properly, carefully and well.

Various important points might be urged, but the first thing that occurs to me is that the committee after taking evidence and hearing reports from a large number of experts thoroughly conversant with the housing question brought in a report inclusive and much broader than a report covering simply the question of construction mechanics. The committee endeavoured to go into the whole question of housing or town planning, if you will, and the committee brought in a favourable report.

The next important point that occurs to me is that the government has accepted the principle. European countries, including Great Britain, have already established housing policies and have entered into the whole matter of housing in a very large way. The United States and Canada have not done so heretofore, but now the committee has reported favourably on the establishment of a national policy in Canada in connection with housing. The government itself has accepted the principle and therefore it is acknowledged that if this bill becomes legislation the nation itself accepts the housing obligation. I think that is an important point to urge. No matter how far we go at the present time, so long as we have established the principle and accepted the state obligation, we have at least started on the proper basis and have made a safe and sound beginning.

Then the government gives us this measure. It is an implementing measure. It may not go as far as some of us might wish it to go. I know it does not go as far as my hon. friend from North Winnipeg (Mr. Heaps) and some others would like it to go. The main thing is that as a start it is implementing the recommendations of the committee which accepted this principle and by so doing it implies a state obligation in connection with housing. The velocity of its progress is a detail. How far we go this year, how far we will go next year or the years after is for the next parliament or parliaments to decide. Our duty today is to make a start and see that that start is made on the proper basis.

When the bill was introduced there was some discussion in connection with the use of the word "commission." Hon. members who were members of the committee realized that in order to bring in a unanimous report it was necessary to compromise, to give and take in one way and another. The result was what I consider to be a very excellent report. The word used in the first clause of the recommendation was "authority" while the resolution upon which this bill is founded used the word "commissioner." At the moment I am not particularly interested in whether the authority is a specific commission as long as we establish the basis upon which a start will be made. We must delegate to a specific authority the duty of establishing a national policy on housing. It was borne home to those of us who were on the committee that in order to make a success of any housing undertaking it would be necessary to delegate the administration of the policy to those who were trained in that particular kind of work. This work cannot be undertaken by busy officials attached to, say, the Department of Finance, it must be delegated to persons who are expert in this work and who are prepared to investigate, study, report and advise upon the whole question of housing. Consequently, the commission or whatever authority may be appointed must be competent to handle the problem of housing in its broadest sense.

A certain amount of investigating was done by the lay members of the special committee but the details should be considered by those trained in this kind of work. As one interested in the problem of housing and in the policy which the government has enunciated in this regard, I am insistent that those who undertake to investigate, study, report and advise upon this problem shall be properly trained for the work. Whether they are attached to a particular department or to a commission is not as important as the proper study and investigation of the problem before the policy is launched.

The hon. member for West Middlesex (Mr. Elliott) has been discussing some of the problems of construction but I shall not endeavour to go into them at any great length. One important point brought up at the committee was the diminishing supply of proper homes in our cities and towns and also in the rural districts. The statistical department gave figures to show how this demand was being met, and other similar evidence was given by witnesses who appeared before the committee. It was shown that the normal demand for new homes amounted to 27,500 each year but because of the deficiency which had occurred during the past five years, it would be necessary to construct 82,000 homes to catch up with the normal demand at the end of 1935. It will be seen how far we have fallen behind. Another problem to be considered is that of employment. We were told that in 1926 only six or seven per cent of mechanics employed in the construction trade were not employed; by 1929 the unemployed had increased to eight or nine per cent, but by 1934 they had increased to seventy-two per cent. These figures give one an idea of how far building has been falling behind. A report of the Bank of Nova Scotia was submitted to the committee and it showed that in 1928 there was spent upon the building of homes a total of $104,000,000, whereas in 1933 this had fallen to $26,000,000 or $27,000,000. If we are to maintain a healthy home and family condition in our country we must meet this increased demand for new homes.

The various classifications which were given to us in evidence, which hon. members no doubt have read, may be summarized as follows: Take the homes for the low wage earners. The experts from Toronto, Montreal and other places emphasized the fact that men earning say $50 a month cannot afford to pay more than one-fifth of that wage in rent. The evidence also showed that in order to give the typical family, that is to say, a man and wife and three children—mixed sexes—proper accommodation, the amenities of life and a reasonable standard of comfort, it would need a rental of say $17 or $18 a month. Now if the low wage earner can afford to pay only $12 a month there is a gap of $5 or $6 a month which must be provided in some way, and if that class of homeseeker is to be assisted in securing homes which would answer the requirements of a proper housing scheme, then the policy laid down must take into account that gap which the low wage earner, as conditions are at the present time, cannot himself supply. We come to the next group, those who in the evidence were described as the white collar class, men earning $1,200 or $1,250 a year. They may provide a larger proportion than one-fifth of their wages, perhaps up to one-third. But what came home to us was the fact that that class must be able to secure money at very low rates of interest, rates below that which may be provided by private funds. Then we have the higher class, those whose income is such that they can very well afford to finance for themselves. And we have the rural homes, which is another consideration.

A policy must include all these. You will notice that I am not dealing with the question of slum clearance, which is another and greater problem. When the investigation is being made, and when a policy is being established, these various classifications must be considered; and more than that—this is an important point which I think the authority or the commission or the officials must take into serious consideration—steps must be taken to encourage a building program undertaken by private citizens apart from money that is financed by the government. Then apart altogether from money towards the interest only on which the government will assist, steps should be taken to encourage a building program among the lower classifications for these assisted programs would reflexly encourage and stimulate a building program among those who can finance themselves.

So that in that way, by a commission undertaking a national program and a policy which will establish housing, you gradually but ultimately arrive at the position emphasized by the hon. member for West Middlesex (Mr. Elliott), where the persons and organizations doing the housing may undertake their own financing to a large extent. The financing of a housing scheme in Canada is entirely different from the

problem they have in the old country. In the old country time has created confidence in the associations or building societies, and the bonds which they float are highly considered; so that one of the best witnesses we had before the committee emphasized the fact that the bonds of the building societies in Germany are more to be desired than government bonds themselves, and as trust funds they are sought and used in that country. Surely that will not apply to Canada. But as time goes on the hope is in a program undertaken and administered by experts, and by those who have a thorough comprehension of the housing scheme. As time passes the confidence of the public in the housing undertaking will be aroused stimulated and confirmed.

In the committee we had evidence from those who had funds to loan that they had $75,000,000 to-day which they wished to place if they could be convinced that the securtiy was sufficient. When you have loan companies and organizations coming before the committee and saying that they have $75,000,000 which they wish to loan, you have a very splendid beginning at any rate; and all they need—so they said—is sufficient confidence in the undertaking, that their security will be assured. I mention that to bear out the contention that the housing commission or committee or authority, whichever word you like to use, undertaking to develop a housing policy in this country—

Mr. HEAPS: What interest do these private corporations want?

Mr. STANLEY: That enters into another problem altogether.

Mr. HEAPS: It is vital at this stage; it is vital to the hon. gentleman's own argument.

Mr. STANLEY: Apart altogether from the specific rate of interest which they are charging, the hon. gentleman knows—and it was urged very decidedly before the commission—that a building program on the part of those who can afford to carry it out with private means, those who can afford to pay the rates of interest charged by the loan companies to-day, those who will finance for themselves, will relieve to a degree the demand for houses in the lower grades. And as the housing is undertaken in each classification higher up, the housing condition improves among those who can afford to pay only smaller sums in interest or rent.

Passing on to the next question of employment, I want to urge the point that as house-building employment is undertaken, it becomes a leaven which permeates through the community by way of the money that is paid to labour in wages. Incidentally may I say that it was given in evidence before the committee that from eighty to eighty-two per cent of money spent on construction actually went into the pockets of the labourers and that money in turn went into every branch of industry and business in the community. Therefore housing construction is the best type of employment undertaking. I am not saying anything against employment, because employment is very important, but after all it is only incidental to the whole problem of housing and it should be considered in that light. Give all the employment that is possible; consider this question from the viewpoint of giving as much employment to labour as is possible, but the main point is first to get the housing policy basically sound and right, sane and proper, so that it will be a success, and the labour will come incidentally to the housing undertaking.

On pages 9 and 10 of the report there is a very good summary of what housing means in a social way. I have said that it is a social problem. It will be found in the Toronto report that infant mortality in that city as a whole was 63·4 per thousand whereas in the Moss Park area it was 121·2. As regards the question of juvenile delinquency, it was also found to be very much more prevalent in the poor housing districts. As to crime, a survey was made of 547 houses; 315 were reported as below the minimum standard and out of those 315, 100 had been "convicted" for various kinds of crimes.

Evidence was brought forward with regard to the city of Cleveland and I shall give these figures just to show the relationship of housing to the social problems of the day. Twenty-two per cent of all the murders committed in Cleveland were found in the slum district which contained two and a half per cent of the population; 6·8 per cent of boy delinquency and 12½ per cent of tuberculosis deaths occurred in this area. On the question of fire protection, in Cleveland as a whole the cost was $3.12 per capita whereas in the slum area it was $18.72. Those figures give us a summary of the importance of proper housing in regard to the social problems of the day. Not only then is it a humanitarian undertaking, but it is good business for the country, the provinces, the municipalities, and the citizens in their private organizations and as taxpayers to undertake proper housing throughout the country, because it remedies these various social conditions of which I have spoken, improves the value of the property generally and the standing of the community, and saves life, property and morale.

I shall not deal at length with the slum clearance question which was considered at some length before the committee. The advantages of ridding a city or community of a slum are of course obvious. From Montreal and Toronto we had two elaborate reports, one showing that in Montreal it required at least $14,000,000 to fulfil the undertaking which they had recommended. The committee from Toronto recommended that at least $12,000,000 should be spent in the undertaking there. One of the witnesses—and others followed him—urged that slum clearance would be a problem this year, next year and for many years to come, and that an undertaking that would give homes to those who could finance them entirely or partly would assist in overcoming some of the slum difficulties. This was the point which one expert urged: When you start in on a housing scheme, do not start on slum clearance first or you invite defeat; start in with that plan which can be handled by the finances which are immediately available; make a success of your start and then develop the work from year to year and from time to time.

The main thought to my mind is that the principle has been accepted; that the obligation has been assumed and that the government now undertakes to implement to this extent the principle and national policy of housing.

Hon. W. D. EULER (North Waterloo): With the broad general principles enunciated by the hon. member for East Calgary (Mr. Stanley) I think I might find myself in agreement, but I do not propose to discuss the bill in any other way than in its specific terms. The minister who introduced the bill I think had in mind two or three chief purposes: one was, as he stated, to make it possible for men who earn small wages to acquire their own houses; the second was to make up the deficiency in the supply of houses in the country, and the third and not unimportant one, was to provide employment. To my mind—and I shall be very frank in what I say—I believe the bill will fail in every one of these purposes. I say that from a study of the financial arrangements proposed by the bill. They are as follows: that the investment company, the loaning company, shall supply sixty per cent of the cost of the house, which I take it includes also the cost of the land; that the government will supply twenty per cent, and the man who is to own the house will supply the final twenty per cent. I am told that in the report of the committee it was suggested that the cost of an average house such as contemplated by this bill would be about $2,700. If the owner, the small wage earner, has to find twenty per cent of that he would have to have at least $500 or $600. I leave it to the house whether in their opinion, under conditions as they are to-day in the towns and cities, any large proportion of low wage earners are in possession of that sum.

Mr. STANLEY: He would get it from the local building society.

Mr. EULER: The local building society, I take it, is providing the first sixty per cent. I think the plan is utterly impracticable so far as the low wage earner is concerned, he will not have enough money to avail himself of its provisions. The second feature which I think is absolutely fatal to the success of the measure is that the building society or loan company will not consent to share its security with the government. It is supposed to advance sixty per cent of the cost of the undertaking. In my own province, and I suppose it applies in others, loan companies may not loan more than sixty per cent of the value of the property on first mortgage. They are prohibited by law, and this government cannot interfere with that in the case of any loan company holding a provincial charter. This bill proposes that the loan companies shall supply sixty per cent of the cost. Ordinarily, the loaning company has one hundred per cent of value as security for the loans. This bill proposes that the advance of twenty per cent made by the government shall entitle the government to share in that first mortgage, thereby reducing the security held by the investment company. I say with considerable confidence that there is not an insurance company or a loan company that will advance money to the extent of sixty per cent of the value of the property unless it has the full one hundred per cent of value behind it as security. Therefore I say the bill is utterly impracticable. The money will not be advanced for those two reasons.

The hon. member for East Calgary advanced another argument, and the minister presenting the bill mentioned it also, that this bill is a start, it enunciates the principle that governments are taking some of the responsibility for housing. In reply I say that no start at all would be better than a bad start. I heard some legislation described here the other day by the former Minister of Trade and Commerce (Mr. Stevens) as anaemic. I certainly would describe this bill as anaemic to the degree that it will be still born. I believe that the government will have to advance practically no money under

this scheme. I am not opposing any well considered policy of housing, I think we may have to come to that, but I would like to see something practical introduced rather than that the public should be misled,—I do not say intentionally—into thinking that something is being given them when it really amounts to nothing at all.

As it is almost six o'clock I would close with this comment: we have had during the last session and others a good deal of legislation enacted for the benefit of the farming community. I have no objection to that, they need all the help they can get, but they have received considerable by way of the wheat bonus, the Farmers' Creditors Arrangement Act, the purchase of wheat by the government and now the grain board bill. I am not offhand making any particular criticism of them, although I do not know where we are coming out with this sort of thing, but I say that the forgotten man to-day is in the cities and towns. We are trying to make some little provision for the low wage earner so that he may own his house, but what is to become of the man who now nominally owns his house but who has practically no equity left in it? Nothing has been done for the man in the cities or towns who is out of work and can no longer pay interest and taxes and is losing his house. I would recommend that the government pay a little attention to that phase of the question.

I say again that the bill is absolutely innocuous, it will do no good and it may do harm by destroying the belief that the government meant anything at all in the way of providing for housing. If the government want to make this bill practicable I might make a suggestion. The loaning companies, as I say, will not allow anyone to share in their security. But if the government would agree to accept a second mortgage for their twenty per cent and leave intact the security that the loaning company expects for its sixty per cent something might be done. But I am quite certain that with the bill as it stands there will be no success and the government will not be under the necessity of advancing a dollar of the $10,000,000 that it proposes to provide under this bill.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, I regret very much that when the minister introduced the bill I happened to be out of the house. I should have liked very much to hear a comprehensive explanation of the actual meaning of the bill. However we did have some observations from the minister when the resolution was introduced. This afternoon there has been considerable discussion, but of the hon. members who spoke only the hon. member who was speaking at six o'clock dealt with the actual bill. Many beautiful phrases were used when hon. members referred to the importance of adequate consideration of the housing situation and pointed out what adequate housing means to the nation. I intend, however, to deal more specifically with the bill, because I believe it is from the bill we must have guidance in our consideration of the intention of the government.

First of all we must realize that on February 18 the government appointed a committee to consider a national housing policy. After sitting for some weeks and hearing the evidence of many witnesses the committee came to what was practically a unanimous decision concerning a housing policy for the dominion. Some hon. members who preceded me have referred to the failure of a housing scheme in the year 1920. It is true that when after the war Canada undertook the expenditure of $25,000,000 to improve housing conditions in certain parts of the country the scheme was not entirely a success. It would appear that in the cities of Ottawa and London, Ontario, the scheme was unsuccessful and resulted in losses to those municipalities. On the other hand in the city of Winnipeg, where there were more houses built than in both the other cities, the scheme was a success. There may have been two reasons why the scheme of 1920 did not succeed. I believe one was that there was not a proper supervision of the funds provided by the federal government. Had there been proper supervision by federal, provincial and local authorities I do not believe the schemes in Ottawa and London would have failed. Secondly, the houses were built when building costs were at the peak, and in a few years equities in the houses constructed disappeared; in fact they were worth less after two or three years than they were at the time they were built. Perhaps there may be several reasons why the housing scheme brought forward immediately after the war did not succeed. I hold the view, however, that if we have suffered financial losses as a result of our experience after the war, at least we have gained through those experiences, and they should stand us in good stead to-day.

The committee met and tried to formulate a national housing policy. There is no point in any hon. member rising in his place and attempting to apologize for the bill the government has placed before us, as the hon. member for East Calgary (Mr. Stanley) did this afternoon. He said that this was a start which may mean something in the sweet by and by. I am getting tired of gestures which do not mean anything. I want to see something concrete, and if there is one place where concrete action could have been taken to meet the present situation, certainly it is in connection with the housing problem.

Considering the bill in committee we had two objectives in mind, the first being to provide homes for low paid wage earners, and the second to create employment for people engaged in the building trades, thereby giving a stimulus to industry in general. If we are to accept this bill as a measure reflecting the recommendations of the committee, then I say it is of very little practical value.

It was shown in committee that for a number of years we have fallen behind in the matter of housing to the extent of 25,000 houses per year. If at this time we proceeded to build 50,000 homes across the dominion we still could not catch up to the actual housing shortage. Now, what does the bill say? The whole crux of the bill is contained in paragraph (b) of subsection 2. section 4, which states:

> The advance made by the minister shall not exceed 20 per cent of the cost of construction of the house or its appraised value, whichever is the lesser, and the interest payable to His Majesty in respect of the advance shall be at a rate to be fixed by the terms of the contract.

In other words the government is prepared to advance twenty per cent of the cost of construction of houses in urban centres. In committee we considered the question of rehabilitation, but in the bill we find not one word about rehabilitation either in urban or in rural centres. I cannot find any relationship between the bill before us and the recommendations made by the committee; there is about as much in common between them as there is between pig and pig iron. I am more than disappointed in it.

It has been argued this afternoon, and the argument will no doubt be repeated, that the twenty per cent advance will give a stimulus to building. Yet throughout the whole report the claim is made that the only thing which can give a stimulus to building in Canada and employment to the people in the building industries is government financing at a very low interest rate. That is practically the basis of the report. If the government is going to advance twenty per cent of the funds at a rate which is not stated in the bill, and the private mortgage companies are to provide money at a rate of five and a half or six per cent, how will it be possible to construct low priced homes for low paid wage earners? It will be quite impossible.

During his observations the former Minister of Public Works (Mr. Elliott) read from a United States magazine an article indicating what had been done in Great Britain in respect to housing. I do not know why he should have quoted from a United States digest when the report of the committee, which he signed, clearly stated what had been done in Great Britain. For the benefit of hon. members may I quote from the report that part which indicates what has been accomplished in Great Britain. The report says on page 7:

> The number of houses built in England and Wales since 1919 is 2,335,122. Of these, 1,184,600 were built with subsidy. The national and local governments have contributed in subsidies £178,270,000 ($891,350,000). In addition to this they are pledged to £16,000,000 ($80,000,000) per year for many years to come. They have also invested in recoverable loans £337,000,000 ($1,685,000,000).

That is what the government of Great Britain has done in the way of capital expenditures. What do we intend to do here? We are practically the last country in the world which is attempting as a nation to deal with the housing problem. The United States has a national policy in regard to housing, and in Great Britain they have had one since the war. Every European country has some national housing policy in operation. But when we in this house bring in a bill to deal with a problem of this kind, national in its scope, we deal with it in such a picayune fashion that, as the hon. member for North Waterloo (Mr. Euler) said, there will probably be no houses built under the scheme. For my own part, Mr. Speaker, after reading the provisions of this bill so far as housing is concerned I would prefer the government should withdraw the measure rather than have it go through in its present form. If the government have any intention of assisting in the building of houses I suggest that they eliminate that section of the bill which deals with the government providing the funds on a twenty per cent basis. I am going to suggest to the government what the members of the committee felt

almost unanimously, that if $10,000,000 is to be provided in this bill for housing purposes, the whole of that $10,000,000 should be made available for housing purposes at a rate not to exceed three per cent. The government might well make that contribution if the money costs them more than that, although I do not suggest that it should; but if the government would provide money at three per cent to the authorities who are in a position to proceed with the housing scheme, we might get houses built in the Dominion of Canada. I would cut out entirely the private corporations. If as provided in this bill, you are going to make them the sole medium through which houses can be built, then the very purpose for which the committee was formed and the very object of its report will be defeated and the scheme itself will be of little practical value. Under the 1920 housing act funds were provided by the government at a rate which was approximately two per cent below the rate available to private borrowers. The situation to-day is even more acute than it was then; for we have a greater need of houses and a greater need of employment.

I should like to go a little further. If our provincial governments or our municipalities submitted to the economic council as provided for in this act, schemes that merited the council's approval, then these other public bodies should have the right to proceed with a municipal or any other housing scheme which they thought desirable. The municipalities or provincial governments could assume responsibility for the repayment of the funds; or if the government were not satisfied with making the municipality or the province responsible for the bonds being issued, it could take, as additional security, a first mortgage on the houses built; and I do not know what better security you could have than the houses in which the people live. Under this bill the government will probably have, as security, only a second mortgage, which I do not think has any real value. From my knowledge of the housing problem I suggest that if the government are going to make a twenty per cent contribution of loans under a housing scheme, and it is to be a junior obligation against the houses built, in a very short time the government will have to bear a huge loss. The position of the government would be immeasurably stronger if instead of providing twenty per cent of the loan it provided eighty-five or ninety per cent, because then it could take as its security a first mortgage on the home as against only the twenty per cent security which it will have under this scheme and which I believe ultimately will be of no value whatever.

This bill, Mr. Speaker, is a great disappointment. I know that in the city of Winnipeg many of the building trades have been looking forward to a comprehensive housing scheme which would provide employment there for quite a considerable time. It has been estimated that approximately one-half of the cost of the construction of a house goes into labour, and if such is the case we can understand how valuable a proper housing scheme would be at the present time in relieving the unemployment situation.

I do not want to quote too much from the committee's report, but at page 16 it deals with the providing of homes at low rentals for low paid wage earners. Under this scheme such a thing becomes almost impossible. It cannot be done, for two reasons. It provides for no scheme of setting up houses on a rental basis, and if the private corporations are to be the only bodies to lend the money and be responsible for the erection of the houses, nothing can be done for the low paid wage earner. We were informed that in Great Britain the rate of interest was in many cases as low as three per cent; and not only that, but many instances were given of the quantity of vast subsidies for the erection of houses in order that the working people of Great Britain might have homes on a low rental basis. We are doing nothing of that kind in this country. What we are attempting to do, and what may be the effect of this bill, assuming a few houses are built under the scheme proposed, is to have a twenty per cent loan provided by the government, and perhaps some well-to-do individual may avail himself of a certain amount of low rate interest money to build a house which otherwise might not be built; but that will in no shape or form deal with the acute problem of housing. The acute problem of housing is left entirely untouched by this measure.

I am anxious to see houses constructed in the Dominion of Canada, and judging by the few remarks which the minister made on the resolution when it was introduced in this house on January 18, he feels the same way; for he spoke feelingly of the need of building homes for the great masses of our people. But if he had given careful consideration to the committee's report and to this bill as at present drafted I am sure he would realize how far the bill is from the recommendations of the housing committee. It was pointed out this afternoon that in the city of Winnipeg, where under the old housing scheme

720 homes were built—I am speaking from memory but I believe that is the correct figure—a profit on that housing scheme has been shown in each year since 1920. Over $2,000,000 was loaned by the city of Winnipeg and with operating costs of one per cent they were able to show a profit on the housing commission of about $12,000 to $14,000 per year. So successful was the city in carrying out the scheme that the gentleman who appeared before the committee to represent the mortgage companies congratulated the city on the efficient manner in which it had handled the situation. He admitted that the loan companies could not do in their private capacity what the city had done in its public capacity. Under the provisions of the bill now before us the city of Winnipeg, which has shown what could be done in this regard, would be unable to get one cent. It could obtain about twenty per cent of the funds necessary at a certain rate of interest, but where could it get the rest? Is there any reason why a city or other corporation prepared to proceed with a proper housing scheme under the supervision of federal or provincial authorities should not be able from the federal exchequer to obtain one hundred per cent of the funds needed? Ten million dollars is being provided by this bill and a municipality which was prepared to carry out a proper housing scheme should be able to obtain the necessary funds. According to the bill as it is at present all they can do is to accept sixty per cent of the funds necessary from a private corporation and the other forty per cent would have to be found somewhere else.

Sir GEORGE PERLEY: If a city set up a company for the purpose of doing this work it would come within the terms of this bill.

Mr. HEAPS: But the city cannot obtain more than twenty per cent of the costs of construction.

Sir GEORGE PERLEY: The city could lend sixty per cent through a loan company.

Mr. HEAPS: That is the weakness of the bill; the city would have to lend sixty per cent while the individual would have to borrow another twenty per cent. After that the government would come along with its twenty per cent. I am suggesting that the government do what it did in 1920: provide the entire cost of construction and take as security either municipal or provincial bonds, or perhaps mortgages on the houses. If that were done we could accomplish something but if we are to proceed on this basis of twenty, sixty and twenty we will never get anywhere. As was suggested by the hon. member for North Waterloo just before the recess, there will be no houses built.

I am anxious to see something accomplished. I want to see the government do something tangible in providing homes and employment. I cannot agree with the statement of the minister who introduced this bill that it is going to provide homes for the low wage earner. As I understand the bill, that cannot be done. I ask the government to do exactly what it did fourteen or fifteen years ago and provide all the funds at a rate of interest not more than three per cent. I want to see the $10,000,000 provided for in this bill expended in as efficient a manner as it is possible to expend money. I am prepared to vest in the commission or other body to be designated a certain amount of control to see that these houses are built in a proper manner. Under the bill as it is at present there will be no worthwhile supervision of this work. The government is to lend the money to individuals and no one knows what will happen to those individuals once the money has been received. This seems to be going contrary to all the precepts of parliamentary government. We are being asked to vote money and then we lose complete control over the money voted. It is to be handed over to private corporations to spend and we will not know what becomes of it. I am always a little dubious when money is to be spent by private corporations because I am always afraid there will be losses. That has been our experience in the past. I ask the minister to eliminate from the bill the reference to the twenty per cent advance by the government. We should vote $10,000,000 for the purpose of carrying out a national housing scheme under the supervision of those who are capable of undertaking such a scheme. I do not care whether this supervision is by a private body in conjunction with public bodies, or just what it is, as long as there is proper supervision by the government.

As the bill now stands I am afraid it will be a disappointment to the people who expected that many houses would be built. The people will find that this money will cost them just as much as they had to pay private corporations last year or even many years ago, and the men who are looking for work will be disappointed. As a member representing a constituency in which there are thousands of building artisans out of work I ask the government to constitute a proper housing commission to go ahead with the construction of houses so that our people may be housed decently and provided with work.

Mr. R. W. GRAY (West Lambton): Mr. Speaker, as a member of the special committee on housing I desire to say a few words with respect to the bill which has been presented by the government. First of all I want to express my thanks to the hon. member for Charlotte (Mr. Ganong), the chairman of this committee, for the excellent manner in which he conducted the examination of the witnesses and for the courteous way in which he received the suggestions of hon. members and others. I believe I can safely say that this question, a new one as far as this house is concerned, was approached in an absolutely non-political manner. A unanimous report was brought in which is another tribute to the manner in which the chairman conducted the proceedings of the committee. But to say, as the hon. member for North Winnipeg (Mr. Heaps) has said, that this bill is a distinct disappointment to hon. members of the committee, is putting it mildly. The hon. member for East Calgary (Mr. Stanley), who at the moment is occupying the chair, expressed it well this afternoon when he stated that the foundation should be laid carefully and well. I must agree with the hon. member for North Waterloo (Mr. Euler) when he says that if this foundation cannot be laid carefully and well it would be better not to launch upon this housing program.

A housing program is not a new thing as far as the British empire is concerned. During the course of its history Great Britain has brought in some 212 reports on this matter. The first bill in connection with housing was introduced in 1838. While this is not a new subject for Great Britain, it is as far as Canada is concerned. Our reference was made, I think, largely in the hope that in trying to find a solution for the housing problem in this dominion we should at the same time be finding at least a partial solution for the unemployment problem. Read the reference and you will see that we were to consider and report upon the inauguration of a national policy of house building, to include construction, reconstruction and repair of urban and rural dwelling houses in order to provide employment throughout Canada and also to provide such dwelling houses as might be necessary upon such terms and conditions as might best meet the needs and requirements of the people.

As the hon. member for East Calgary pointed out this afternoon, we found when we got down to the question that there was a great deal more to be considered than the matter of housing; there was more to be considered than the question of how many men we could reinstate in employment. The question touched the whole heart of the problem of our social life in Canada; it touched the health and the welfare of the people; it touched juvenile delinquency and crime generally throughout the dominion. And the report deals extensively with this whole problem. We held many meetings and examined numerous witnesses, and I think it is safe to say that almost every witness had a different solution for the problem. I should not have been surprised, in fact I should have commended the government, if instead of bringing in this bill they had merely adopted the principle of the need of a national housing policy and then said, "We have not enough information upon which this country can enter upon a housing scheme, and therefore we will leave the question in the hands of the economic council which we have created during the present session in order that they may investigate the whole subject, as provided in section 3 of this bill." I think that if the government had gone as far as that, every one of us would have said that was exactly what they should do, especially at this time—in the dying days of a dying government. At such a time they should not attempt to launch upon a housing scheme, because nearly every witness warned us against premature housing legislation. Instead of that we have what I may describe—and I say this with all due respect to the right hon. gentleman who has introduced the bill—as the last round of shadow boxing on the part of this government. No other expression will describe it. I agree with the hon. member for North Winnipeg in this, that this bill does not fill the needs of the people nor does it begin to meet the suggestions of the committee which brought in this report.

In the first place, the committee realized that housing is primarily a direct responsibility of the individual, working in cooperation with the municipalities, the provinces, and, lastly, the dominion. This is not a new suggestion. My right hon. leader, in suggesting a national unemployment council in the very first session of the present parliament, proposed that there should be brought into being a body such as that to correlate and coordinate the activities of the municipalities, the provinces and the dominion, and in my opinion, had such a council been instituted, we should have had a national housing scheme on a much larger scale than this, a scheme which would be much more effective, coordinating these various bodies. Instead of that my hon. friends opposite have waited

until the dying days of the session before bringing in a measure which is of rather doubtful validity to begin with—because here once more we find in section 5 a qualification with which we are now familiar: in line 16 we have the words "subject to the jurisdiction of parliament." Where have we heard these words before? In nearly every bill which this government has brought down in the latter part of this session we find the same thing, "subject to the jurisdiction of parliament." This afternoon the Secretary of State (Mr. Cahan) a man with years of experience in company law and parliamentary jurisprudence, came into the house saying, in connection with the Companies Act, "We will put a semicolon here; we will add a few words there; we will put a period here; we will lead pencil something here." And so on. Can you imagine the type of legislation which is going out from this parliament at this session? Were we sent to parliament to legislate simply because this or that measure appears to be politically expedient, or were we sent to legislate in the interests of the people and to enact into law measures that will stand the test of time?

Had we set up a national unemployment council to cooperate with individuals and with the municipalities and provinces, there would have been no need to state in section 5, "subject to the jurisdiction of parliament." There would have been cooperation and there would therefore have been no need to insert this question mark in the way it is here expressed.

Mr. GEARY: Are not those words a mere qualification of "lending institutions"?

Mr. GRAY: They may be a qualification of lending institutions, but when I tell the hon. gentleman that of the large lending companies of this dominion only two have a federal charter—the Canada Permanent and the Huron & Erie—the great bulk of the companies possessing provincial charters, he will realize that they cannot possibly be affected by the section. So that to put in a clause such as this is merely misleading and farcical; it is a part of the shadow boxing I have mentioned.

As the right hon. member for Argenteuil (Sir George Perley) rightly said, the object of the committee was to attempt to erect houses for the benefit of the low wage earners. I am glad he made that statement; it shows that he has given some attention to the report. He realizes that the main object of the committee, and the object in getting the evidence adduced before that committee, was to see whether we could not establish better housing for low wage earners. Unfortunately he overlooked the fact that in discussing this whole subject matter we found according to the preponderance of evidence that the so called low wage earners might be regarded as those receiving an annual income of from $550 to $1,250. We found, as appears at page 18 of the report, that in order to build an ordinary dwelling, with moderate comforts for a man, his wife and family, in the unit type of housing, the cost would be around $2,500 per house; and under the Bruce report, in Toronto, it was estimated that the same type of house would be about $2,700. The evidence showed what a house of that description would involve. We found from the evidence that a wage earner earning from $550 to $1,250 could not possibly be expected to pay more than from $10 to $15 a month rent. Let us put it at the maximum of $15 and we shall find what it costs annually to carry a house costing $2,700, as confirmed by the national construction council:

Taxes on land and buildings	$ 55 00
Management	15 00

I think these figures are very conservative; I believe the committee found them so.

Insurance	$ 4 00
Maintenance	40 00
Amortization over fifty years	16 95
Interest on $2,700 at four per cent.	108 00
Total	$238 95

I doubt very much whether the money can be had at four per cent. In twelve months at $15 a month there will be received by way of rental $180, so that it will be observed that there is an annual deficit of some $58.95 without any return or suggestion of return to the investor. Do you think for a minute that we are going to get the lending companies to launch into a scheme of this kind?

When one takes the evidence from beginning to end, one can almost feel that this bill was based upon the fears of the lending institutions that the government might start an insurance company of one kind or another, and therefore they came in with a scheme such as this: We will advance sixty per cent; you advance twenty per cent and people will start building houses. But let us take the evidence of Mr. D'Arcy Leonard, who is a reputable solicitor and secretary of the Dominion Mortgage Investment Association, which includes not only the large loan corporations but the insurance companies of Canada. He was questioned in connection with this matter by Mr. Cauchon, head of the town planning commission of the city of Ottawa. This is

from Mr. Leonard's evidence as found on page 351 of the proceedings of the special committee on housing:

By Mr. Cauchon:

Q. I would like to ask Mr. Leonard a question, because I think that needs to be cleared up. It has been repeatedly stated here that the class of housing which this committee advisedly has in view, is housing for the low wage earners where they cannot pay an economic rent, and there is need of assistance in that class of housing; does it or does it not interfere in any way with the class of housing to which loan companies make advances, say houses that rent at $15 a month rental, average—$10 or $15, perhaps as high as $18?

A. Well, we certainly could not loan on a house on a basis that would enable it to rent at $12 or $15 a month.

Later on he was asked:

Q. Where would you say was the medium line as to cost?

A. I think that our class of construction, as I know it, particularly in Toronto, we started loaning on a house that cost about $3,500 up.

If this bill is to go forward as one for new construction only, I think—and I speak with some knowledge—even a man who is able to put up forty per cent of the cost will have difficulty in getting the lending companies to lend him the amount required, although they will admit, as the hon. member for East Calgary said this afternoon, their walls are bulging with perhaps some $75,000,000 to lend. There is perhaps a reason for that. We realize under the existing conditions with provincial moratoria, the Farmers' Creditors Arrangement Act and other acts of that nature, the lending companies are loath to put out money. But for this government to pretend they are launching a housing scheme, to lead the people to believe they are implementing the promise made by the Prime Minister (Mr. Bennett) in his seventh radio address on January 24, 1935, that he was going to tackle the housing problem, is simply, as the hon. member for North Winnipeg stated, leading astray the workmen, those who would like to build.

Again—and this is my final word in connection with this matter—the government in my opinion have missed the main recommendation of the committee. The committee recommended to the government that its first consideration should be in respect to rehabilitation and repairs at present needed. The hon. member for East Essex (Mr. Morand), the chairman himself—in fact all the members of the committee—were struck with the fact that the first consideration was the rehabilitation of houses. We cannot attempt to launch into a state aided project at the expense of those who already have built their homes and who cannot make needed repairs because of lack of assistance. Your committee therefore felt that those who had staked perhaps their all, who during the depression had made sacrifice after sacrifice, were the ones who should first be given consideration by the government in a national housing scheme. Does the government make any suggestion that it is to consider rehabilitation or repairs? No. I repeat that this scheme is launched by reason of the fear of the lending companies that unless they come forward with some suggestion, the government will introduce state aid legislation that will materially affect such companies. The government grasped at a chance to bring forward legislation of this kind, legislation which I think the hon. member who has introduced this bill will admit, cannot, when seriously considered, produce the results that the government hoped, and I know sincerely, it would produce.

The government should not press this bill as it now stands. Let the economic council engage in further investigation; let it look if you will into the question of slum clearance, which the committee found to be a complicated and perhaps costly experiment. We realized in the meetings which we held that we did not have sufficient evidence even to make a recommendation in that regard to the government. Let the economic council go into the matter further. It is not possible that any great assistance can be given to the construction trades in the next few months under this bill, leaving as it does, as someone has already pointed out, so much to the lending companies which from one end of Canada to the other have almost unanimously refused to lend. Let the council later on bring in a comprehensive report in order that the house may give proper and due consideration to this most important problem.

Sir GEORGE PERLEY: May I ask the hon. gentleman a question? Do I understand that he is opposed to this bill?

Mr. GRAY: What I tried to make clear is that I am heartily in accord with the suggestion that in principle we are adopting a national housing program, and if the government will bring in that particular type of legislation and bring in clause 3 of the recommendations, leaving for further investigation this whole matter which we as a committee did not have time to investigate fully; if the government will do that and then, as I say, bring in a bill based upon the recommendations of that economic council, I have no doubt the members on this side will support it.

Mr. HUMPHREY MITCHELL (East Hamilton): I have listened with considerable attention to the hon. member who introduced the bill and those who have spoken since. Coming from what is predominantly a working class constituency, in which there is a large measure of unemployment in the building trades, having regard to the report of the medical health officer placing before the municipal authorities the need for slum clearance in my community, I feel that I should state my opinion on this important problem.

The bill is predicated upon two things: the desire of the government, arising out of the speeches of the Prime Minister (Mr. Bennett) last January, to meet the tremendous unemployment situation in the building trades, and the report of the commission under the chairmanship of the lieutenant-governor of Ontario on slum conditions in Toronto and the reports from Montreal and other large centres indicating the necessity of a building program to do away with the intolerable housing conditions existing in the larger urban centres. On top of that you have figures from those who have gone into the question showing that as a result of the stagnation of the building trades in the last five years a building program is necessary to meet the inevitable need for housing, because our young people still get married notwithstanding that we are passing through a severe depression. In a biological sense one tries to recognize the parents through the children, and if there is not some similarity awkward questions are asked. In connection with this bill I think it is fair to say that the reputed father is the report of the housing commission, but I do not think we could recognize the parent from the bill that is now before the house.

There is ample precedent for a sound building policy. In the provision of housing for the people of Vienna, Austria has achieved something in the midst of a tremendous depression which in the opinion of those who have made a close study of housing problems is an example worthy of emulation by the rest of the civilized world. Then you have the advances made by Great Britain, Belgium, Germany, and in a smaller degree Holland and even Mexico. I am well aware that any policy adopted in this country must breathe the spirit of the Canadian people and reflect their viewpoint, but notwithstanding that we have ample precedent in the recommendations of the international labour office to the world economic conference that was attended by the Prime Minister in, I think, 1932. I have always maintained that one cannot have freedom without ownership. I believe the most contented nation is that nation whose policies permit its people to live in their own castle or under their own roof. I remember discussing that matter once with a high American official representing his government in the Saar, and he said that, largely through the instrumentality of the international commission there setting in motion policies of rehousing in the most radical section, by the time that that policy was in active operation and those people lived in the houses they had completely changed their political outlook. This in his opinion proved the soundness of a proper plan of housing for the people, entirely apart from the health point of view.

There are two problems involved: first, that of providing housing for people of low incomes who can do nothing but rent, and second, that of providing housing for people who still think that the best way to keep a roof over their heads is to own their own home. I have been through that experience myself. I am a comparatively young man—I may not look it, but I am—and I know something from my own experience in that regard, when I was first married and lived in a little frame cottage built on posts, and the thrill I got out of it. There are two needs staring us in the face, as enunciated in the reports of the various commissions; the need for provision of housing for people who find it necessary to rent, and the need for cheap money for those who desire to own their own homes. The hon. member for West Lambton (Mr. Gray) said that of the many witnesses who appeared before the committee, none seemed to have a solution. In my judgment the solution of the housing problem in this country depends on cheap money. The borrowing policies of the various governments in Canada up to two or three years ago have shown lack of vision in the enormous interest rates they paid to the lenders of money. That policy automatically froze up the building industry of this country. With this government paying five per cent and more, and some provincial governments as high as eight per cent and municipalities in proportion, no sound building policy could be carried on by any government or any private concern. When a working man pays seven per cent on the first mortgage on a house he is licked before he starts. Seven per cent is an economic impossibility for the average working man trying to own his own home. A helper of mine once bought a little cottage on the

repayment plan under which the man who sold it paid the taxes and so on, and I think the interest rate was eight per cent. He paid $18 a month. We sat down and figured how long it would take him to own the place provided he paid every month, and found it would take one hundred and twenty-three years. When the man bought it he did not go into the financial aspect.

Another important matter is the question of second mortgages and the discount on them. On a second mortgage for $1,000, a man gets $600 to $750 and pays seven per cent interest on the one thousand dollars, so that he may be paying between thirty and forty per cent on the second mortgage in an effort to own a home. That is a common occurrence. Buyers of second mortgages are now suffering for their sins. Second mortgages have been practically wiped out in this depression. In a housing policy I believe it essential that people be given an opportunity to purchase their homes on the understanding that they have the right of repayment almost at any time; where necessary it should be spread over long periods, possibly in some cases over terms of twenty-five years. I do not believe the losses would be very great. Despite the enormous amount of business done by automobile companies we learn that their losses are only about one-half of one per cent, and I believe it is safe to say that the loss in connection with a housing scheme might be less.

Frankly I am disappointed in the bill; I do not believe there will be one house built under its provisions. In the first place, a first mortgage of eighty per cent is unsound. No person ever heard of lending eighty per cent of the money in that way—and I am speaking, of course, of a private undertaking. Governments might do it, but certainly I do not know of any private company which would lend eighty per cent on a first mortgage, having regard to the dips and cycles of trade, the cost of lending money, and so on. In view of the necessity for housing I believe the government would have done well to take more time in analysing the situation, and that it should have launched a vigorous and courageous policy in an effort to meet the obvious shortage of housing and to eliminate slums in some of our cities. It may be argued, and perhaps wtih some weight, that the bill was drawn up quickly. I believe it is fair to say, however, that for some time members of the government have had in their minds the setting in motion of a policy of this kind. But the present bill will not even scratch the surface of a solution of the problems of slum clearance, housing, and the providing of work for the building mechanics of Canada.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, it is not my intention to discuss those phases of the bill which so far seem to have attracted most attention. One section of the bill appears to have escaped attention thus far; I refer to section 3, which provides for investigation by the economic council of Canada.

Mr. GRAY: I discussed that feature of the bill.

Mr. HACKETT: Distinguished as were members of the committee, and valiantly as they worked, I do not think any person would contend, least of all members of the committee, that in the few sittings held they could outline or lay the basis of a definite scheme. I believe that as preliminary legislation the bill is well advised; it affords opportunity for further study and for an examination of all the factors which should be considered before defining a vast national housing scheme. It may very well be that there is some opportunity for immediate construction. But the point to which I wish to address myself for a few moments is not how we are going to build, not how we are going to finance that building but where we are going to build. The hon. member for North Winnipeg (Mr. Heaps), the hon. member for East Hamilton (Mr. Mitchell) and other hon. members have spoken as if of necessity construction must take place in the urban centres. If one examines figures now available concerning unemployment he will see that unemployment is found almost exclusively in the larger centres of population, and while a vast program of construction might furnish temporary employment for those unemployed craftsmen susceptible of absorption into the building trades, there is no guarantee of perpetual work in those centres in which homes may be erected. It may well be that by providing homes for large sections of the population in places where there is no permanent work we would be perpetuating unemployment. As the hon. member who spoke last (Mr. Mitchell) was addressing the house I reviewed rapidly figures which I believe have been made available to every hon. member, and which show the number of people on relief in various centres of the dominion. I turn to Hamilton: I admit that a proportion of the unemployed in that city might be absorbed into the building trades, but I believe it is a fact that to no inconsiderable extent unemployment in that city is a result of stagnation in the manufacturing industries which depend for their activity upon foreign markets. I shall say only a word about Hamilton, because I prefer to speak about Montreal, with which I am more familiar. At the moment it is difficult

to see how we are going to regain those markets so long as the commodities we offer are being produced in large quantities by nearly every country. If we restrict to the cities a great proportion of a building program I fail to see how we can make such a program beneficial to the whole people.

For instance, I find that in Hamilton 2,495 labourers, 269 machinists, 141 mechanics, 132 moulders, 152 steel workers and 177 in miscellaneous trades are on the dole. I point this out only to indicate that it is a short-sighted policy which assumes that even after we have built homes for them there is going to be work in that city for these people. I suggest that a wiser plan would be to construct homes outside the cities for those who have recently left the land so that they might find themselves in an environment where at least they could provide for themselves.

I have before me a document prepared by the Department of Social Research of McGill university and which, I believe, was given to all hon. members when the mayors visited the city of Ottawa. This document discloses that in greater Montreal, with a population of 1,149,900, there were 213,263 on relief, and that $6,049,100 was expended by government last year for their maintenance. It furthermore shows that since 1930, $175,794,000 has been spent in providing for people who are out of work. I suggest, as I have frequently done in the last three or four years, that the only permanent and effective cure for unemployment is to remove from the cities a very substantial element that has recently found its way into the cities and to put them where they can provide for themselves. It is beside the question to cite the example of Great Britain, which is a highly industrialized and densely populated country, with a very small area. The last speaker made some reference to Austria. Austria now has a very restricted territory with a capital city whose population, if my memory serves me well, constitutes nearly half the population of the entire country. The housing problem of such a country cannot be compared with our problem and should not be referred to by people who are seeking the benefit of useful experience acquired elsewhere.

I submit, Mr. Speaker, that a building program is an excellent thing but it is folly to assume that this building should be carried on in its entirety in the cities. We talk about slum clearance; I suggest that it is much better to take people away from these sordid conditions, away from unemployment, and put them into organized communities outside the cities, and build them homes where they will cost less than they do in the cities, and where on a few acres of ground these people can at least provide for themselves the essentials of fuel, raiment and food. It is not necessary that these people should engage in farming on a large scale, but it is essential that they be free from the corroding inactivity and the many temptations which result from herding unemployed men in large cities. I therefore hope that whatever may be done, no definite program will be undertaken until a thorough canvass has been made of the whole situation, and that it be made a part of a definite plan to reestablish equilibrium in the country.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, I assume that the principle of the bill now before us is a national housing scheme or program for Canada. I recognize, of course, that so far as carrying that program into effect is concerned the provisions of the bill are very inadequate, but so far as that principle has been adopted I think it is all to the good.

This legislation is very much like a great deal of the legislation of this session; it is far more acceptable in its tendencies than it is from the point of view of anticipated practical results. There can be little doubt that there is a great need for the building of many houses in Canada. The previous speaker (Mr. Hackett) was wondering where they were going to be built, in the cities or in the country, but the answer is that they will have to be built both in urban and in rural districts, wherever they are needed. But that many houses are required no one doubts; neither does anyone doubt that there is an abundance of building material in Canada to supply all the houses that are needed. In addition to that, there is any amount of skilled labour now idle, men who are anxious to get the opportunity of building houses for the people of Canada. So we come down to the same old question which has stood in the way of this government and previous governments on every occasion, that of getting the money to do the job that needs to be done. The very fact that the government have taken this baby step in the great task of building for the people of Canada homes that are required is sufficient proof that the need is there, but the fact that they have provided only a meagre $10,000,000 with which to do it indicates the belief of the government that this country is too poor financially to do the job.

I am interested in this bill not in order to provide employment; I think it would be a foolish policy to build houses just to give people jobs. If the houses are going to be built they should be built because they are

required, and, sir, if they are required then I suggest that there is not any monetary policy that should prevent them from being built. I want to state in connection with this bill a principle which is not new to this house, although it is not accepted by this house, a principle which has been enunciated from this corner of the house from year to year. It is this: if there is a human need for certain services, and if it is physically possible to produce those services, then it is always financially possible and financially advisable to provide those services.

I am going to take exception to this bill, not as I have said against its principle, because with its principle I am in agreement; but I take exception in the first place to the meagre amount that is provided for the great task with which the bill presumes to deal. As the hon. member for East Hamilton (Mr. Mitchell) has just said, I doubt whether any houses will be built under the provisions of this measure; but even if the act be taken advantage of, the amount of money provided will be far short of what is actually needed for the building of houses in Canada to-day. Then on more important grounds, I take exception to the manner in which the money is provided. Everyone recognizes that capitalism has fallen down in the building of houses just as it has in almost every other undertaking of human service in Canada. Just as the grain trade fell down in the marketing of grain, so have the private builders and contractors failed to provide houses for the people. The manner in which this bill provides for assistance where the capitalistic system has fallen down is on an entirely capitalistic basis. It proposes to borrow money from the money mongers for the purpose of building houses for the people of Canada, houses which must be paid for at a certain rate of interest. Under prevailing conditions these houses will never be paid for under the rates of interest to be charged.

I want to suggest that instead of a meagre $10,000,000 the government advance $300,000,000. This advance can be made from the national credit. If the undertaking is good enough for the money lenders, it is good enough for the government. The assets will be just as safe for government investment as they would be for the investments of private corporations. The amount of money which I have suggested will not create inflation as there is far too little money in circulation at the present time. It would simply provide a little stimulus to business by putting that much more money into circulation. This bill suggests merely a shot in the arm for the capitalistic system; it creates only ten grains of pep, not enough even to raise the arm or furnish a single kick. I doubt if this amount will bring about the construction of any houses, whereas $300,000,000 provided out of the national credit and devoted to the building of houses would make a considerable difference.

The question will be asked: How are these homes to be paid for by the people who will live in them? I suggest that the whole thing should be carried out under an amortization plan by which the occupants of the houses would pay an annual sum based upon the deterioration of the houses so that when the asset was wiped out the government would have in its coffers every penny which had been expended. This would not provide for a single copper by way of interest to anyone. At the moment I am not advocating that all public services should be carried on in this way, although I think they should be; but this is a very necessary service. The people need homes and the government should provide them. Whatever is physically possible is financially possible, and everything necessary should be done for the comforts of the people. I ask the right hon. gentleman who is in charge of this bill to indicate what is wrong, either from a financial or economic point of view, with the suggestion I have made. I do not think any hon. member, either on the government side or on this side of the house, will say that the financing of a national housing scheme can be justified on any other basis than the one I have suggested. I hope the government will alter this bill accordingly.

Mr. A. D. GANONG (Charlotte): Mr. Speaker in dealing with this matter we must consider two closely related problems. The 1931 census shows that for the last three years the population of Canada has been growing at the rate of 27,000 families of 4·68 persons per year. As families are growing smaller, the probabilities are that the increase in the number of families is even greater. The need for houses is even greater than is shown by the increase in the number of families. Last year there were 26,000 fires in residential properties and many houses must have been totally destroyed. Other houses are torn down for sanitary reasons or to make room for other buildings. We would probably need at least 35,000 new houses each year, but according to the records, only 10,000 houses per year have been built in Canada during the last three years. At the present time we need at least 25,000 housing units. It is only a matter of arithmetic to arrive at the conclusion that unless something is done to encourage housing within the next two years we will be faced with a housing crisis.

With all due respect to the minister who has introduced this bill, I must say that it makes no provision for housing the low paid worker. However, for the $10,000,000 provided by the bill we will be able to get $50,000,000 worth of new houses. I believe the government are trying to build the most houses in the best way with the least money and in that way they are taking a step towards the solving of the housing problem. The reference to the committee contained the phrase, "and the burden to be imposed upon the treasury of Canada." Should this scheme work out—and I shall take up that point in a few minutes—we will be investing $10,000,000 for which we will get $50,000,000 worth of new houses. These houses will be built as a mass production proposition; the rates of interest will probably be lower than ordinary commercial rates, and the houses should rent easier than houses built under ordinary conditions. For these reasons the $10,000,000 should be particularly secure. It is estimated in England that for every $1,000 expended in new housing, $250 is saved in relief expenditures. If that same formula applies to this country, this investment of $10,000,000 will save us over $10,000,000 in relief expenditures by the municipal, provincial and dominion governments. I believe that this bill will provide the houses which are needed at a price lower than could be provided by any other method. The bill is only what its title states, an act to assist the construction of houses; it is in no way an act to take care of the housing of the low paid worker.

The second problem which we must face is the distressful conditions under which many of our people are forced to live. A survey of the city of Winnipeg showed that in four districts there were 1,300 families each of which was living, cooking and sleeping in one room, many of them attic rooms. In all our cities similar conditions prevail and something should be done to take care of these people. In this regard we have an entirely different problem and a much more difficult one than they had in Great Britain. In England they build a great many houses; under the Addison scheme they built 176,000 houses. To show how much study this subject requires, it is estimated that with the same amount of money—the Addison scheme was instituted in 1919—they could build to-day 1,000,000 houses and rent at half the rate at which the Addison houses were rented. In England they can build what they call a standard house, that is a house for the low wage earner, which will provide sleeping rooms for the parents and for the children of both sexes, separate, and a living room kitchen, for $1,760. According to the report made by the Montreal board of trade, which is the best we have in Canada on housing, it would cost $3,500 to build a similar house in this country, a house that would give equal living conditions. We have a great handicap in our climate. In England that house with interest at three and a quarter per cent amortized at one-half per cent for sixty years can rent at $11.05 per month. In Canada, for a house that would give equal accommodation and an equal standard of living, with the money at three and a half per cent, which is probably cheaper than it could possibly be obtained, and amortized for sixty years at three-quarters per cent, the rental would be $28.73 per month.

The ordinary workman can pay only one-fifth of his income in rent; otherwise he has to take away from his food or clothing or from something else which will interfere with his health. You can readily see the problem we are up against in this country when we come to take care of the low wage earner. In England they have given outright over $800,000,000 and they are pledged to $80,000,000 for the next twenty or thirty years; and in addition to that they have invested almost $2,000,000,000 on which they will get interest. In this country the cost would be so tremendous that it should never be undertaken without a great deal of study. The present bill tends to take care of the housing problem—the crisis we shall have to face within the next two or three years. We must remember that this country is growing faster to-day than it has done at any other time. We are holding our birth rate, something we have never done before. The immigration that came in used to make this a stepping stone to the United States and we lost a great many of our own people. The bill takes care of this problem to some extent from the standpoint of what is going to be done for the low wage earner; under section 3 the economic council of Canada is to study the question.

As chairman of the committee I met a good many persons who might be called town planning and housing cranks. I worked with them for two months and at the end of that time was converted. I think that rather than cranks they are torch bearers to something that is coming. This housing problem must be faced. We cannot continue to allow thousands of families in this country to live in one room under unsanitary conditions as they are and have been for the last few years. It is a tremendous problem and we should not touch it without a great deal of study.

This bill does so to a small extent. As I say, my association with these men convinced me that something should be done and done at once. When the resolution was first brought in it was moved as:

> expedient to bring in a measure to establish a dominion housing commission and to assist in the construction of houses.

I was rather disappointed when the minister changed this resolution. I might frankly say that I know the majority of the committee are not in favour of the commission, but the problem is so great, it has so many different implications, that I do not believe, unless under this economic council a special committee is appointed, that we shall ever have a solution of the problem. I do feel however that the present bill does go part of the way in solving it.

The hon. member for North Waterloo (Mr. Euler) said that the mortgage companies would not be willing to advance an eighty per cent mortgage. We had the representatives of the mortgage companies before our committee and they said that there was a great deal of money available at 5½ per cent. Further, they were very anxious to lend it. Section 5, under which the minister and the lending institutions jointly take the mortgage, is no doubt there for some special reason. This I do not know, but I should be inclined to think, and it will undoubtedly be discussed in committee, that the mortgage companies would be willing to do it.

The hon. member for East Hamilton (Mr. Mitchell) spoke of building for the ordinary workman. In the city the workman has to move from time to time to the place where his work is, and from the evidence given before the committee it does not seem wise for the ordinary unskilled workman to own his own home. It is far better for him to have some security, whereby he will have ready money in the event of his having to move, than for him to tie himself up with a house.

I should like to say a word about the work of the committee. The hon. member for West Lambton (Mr. Gray) referred to the chairman. This report is not the chairman's report. We had one of the best committees that could be picked from this house. They worked well together; a stranger, if he were in the committee at any time, could not tell which side of the house any one of the members belonged to. There was an honest endeavour to ascertain the facts and to find some solution, and I think if the members will read and study the report, considering the time we had, the evidence we could get and the very limited information at our disposal, they will realize that it is an excellent report.

Mr. W. H. MOORE (Ontario): I shall not detain the house very long, but I have two or three observations to make which it seems to me have escaped the attention of the house. I disagree with the hon. member for East Hamilton (Mr. Mitchell) as to the parentage of this bill. Apparently it is another piece of legislation borrowed from a foreign country, and this time borrowed from the United States. It resembles very strangely the wording of the Federal Housing Administration Act of 1934, in which, it will be recalled, the administrator was authorized and empowered to ensure banks, trust companies, finance companies, mortgage companies, building and loan companies and other companies against losses which they might sustain as a result of loans and advances of credit for the purpose of financing alterations, repairs and improvements upon real property to the extent of twenty per cent. That being the situation, it seems to me that we engage in rather idle speculations as to what this bill may do, as to the results of it, when we can put our hands on evidence in the United States as to what similar legislation has actually done.

This year the League of Nations made a survey of the effect of building operations so far as social conditions and the relief of unemployment were concerned, and the United States made a report to the league. This I call to the attention of the house because I cannot help but think our bill will meet the same difficulties. The United States government says in its report:

> Experience has unfortunately shown that many of the private housing projects submitted were conceived rather as means of utilizing unsuccessful land subdivisions controlled by the applicants than as means of meeting a definite need for low cost housing.

The report is there. It seems to me that the government should give us that report in detail. I shall not detain the house by reading it, but I would like to point out another difficulty, and that is that the United States government found land values were so high in the very places where houses were needed that the scheme was impracticable. These are two things that apparently our government has not considered or made provision against.

We all believe that people should have houses. I agree with the hon. member for Charlotte (Mr. Ganong) that it is unfortunate if a man has not his own house, but this bill is not designed to give houses to people that do not have them. If we are spending federal

money for that purpose, surely we should spend it on the basis of need, not on the basis of whether the thing is good business or not. We were told by the hon. member for East Calgary (Mr. Stanley) this afternoon that there are some $75,000,000 available for loans for house building. That money is not lent simply because in the minds of those who lend money for that purpose it is not good business. Therefore this is not a business proposition. Since we are granting federal money, the expenditure should be based on need. The hon. member for North Waterloo (Mr. Euler) this afternoon pointed out that a man had to have $500 or $600 before he could take advantage of this legislation. I do not know whether any members of parliament are going to take advantage of it, but I would consider that very few of them were in a position to do so. Any man who has $500 or $600 can in my opinion make an arrangement to secure a house without government assistance.

If the money is not granted on the basis of need; if it is not invested as good business; if, as has been pointed out, even the federal treasury is limited in the resources which it possesses, then it seems to me that the money should be conserved for purposes which the individual cannot attain for himself. I am going to make the suggestion that we should have a building program and that the government should assist it, but not so far as houses are concerned. I believe there is something far more important. We have in this country large village populations that are absolutely without waterworks and without sanitary conveniences. We have adjoining all of our industrial cities, what shall I call them?—shack towns. The hon. member for East Calgary, who is now in the chair, referred to this bill as a social measure, as having social consequences. He referred to the danger of fire. He referred to the needs of the people. Now, these people are not in a position to look after their own collective needs; the municipalities in which they live are not in that position, and I would strongly suggest that if this government is to take action, if it is to assist building, then it should assist in the provision of the collective needs which the individual cannot provide for himself. After it has discharged its collective function, if there is any money left over, it might very well turn to private house building.

As I have said, I am always interested in what the hon. member for Charlotte has to say, but I do not read the British experience so far as unemployment is concerned in the same light. From the publication of the League of Nations to which I have just referred, I should like to quote—and this is a very recent publication—the experience as set down by the British government. Let me call the hon. member's attention to the concluding paragraph:

> Experience in recent years in this country has shown that the stimulation of special works selected primarily in respect of their employment providing capacity has an effect on the employment position which is small relative to the heavy expenditure incurred, and the works, when completed, leave burdens on national and local finances which impede the recovery of normal activity.

This is the paragraph to which I would call special attention:

> His Majesty's government have on a number of occasions stated their view that the expansion of normal activity will most surely and rapidly be brought about by the creation of confidence by steady policy——in particular, financial confidence by a balanced budget, the lowering of rates of interest with resultant cheap and plentiful capital, and in so far as government action is possible, by the creation of facilities for and the removal of hindrances to trade.

Mr. ROBERT McKENZIE (Assiniboia): I was not a member of the special committee on housing, but I desire to make a few remarks, and, like the hon. member who preceded me (Mr. Moore, Ontario), I might make a suggestion. This bill is designed to assist the small wage earners, particularly in our cities and towns, who are unable to provide homes for themselves. The purpose is a very laudable one. But in our towns and villages to-day you can buy houses for fifty per cent of what it would cost to build them. Why? Because people are fast losing their equity in their homes and will sell them even at a sacrifice price while they can get a little out of them for themselves. In many cases the buildings are getting out of repair; taxes are an important factor, and that situation is not being helped by such measures as are proposed in this bill and some others that have been brought before this house. Therefore I say that some consideration must be given to the man who is to-day holding on to his property, struggling to save it, keeping his taxes paid and his interest, if he has any, and other charges.

I was interested in reading the report of the committee, and I noticed in it one clause which suggested that something be done in regard to repairs. This bill provides that loans are to be made for the purpose of constructing houses. Paragraph (b) of subsection 2 of section 4 provides that not exceeding twenty per cent of the cost may be

advanced by the government, the expectation being that sixty per cent will be advanced by lending institutions, the applicant himself making up the remaining twenty per cent. That simply means, as has been said, that there will be no money advanced, because the mortgage companies will not lend sixty per cent of the appraised value with only eighty per cent security behind it. At present you cannot get them to lend fifty per cent with one hundred per cent of the value of the property behind it.

I am sorry that this bill does not contain anything to carry out the suggestion made by the committee in regard to repairs. In the part of the country from which I come there are plenty of houses, but unfortunately they are getting very much out of repair. If the government could devise some scheme under which small loans could be made to the owners of property for the purposes of repairs, at a low rate of interest or at no interest—because we are giving out enormous sums of money without interest, such as the million dollars for the tunnel in Toronto—an immense impetus would be given to business. To-day if a building goes out of repair it is allowed to remain so; if a door is off the hinges they do not buy new hinges and repair it. We read in the papers of houses being burnt simply because the chimney was out of repair. The people cannot afford to make these repairs. In my community the trades hardest hit by unemployment are carpenters, masons and painters, and the businesses suffering most are hardware and lumber. If a small part of this money were set aside for small loans for repairs at a very low rate of interest, the painting and repairing which would be done would give a great deal of employment to those who need it in the building trades and would also help the hardware business and the lumber industry, which are in sore need.

Mr. F. G. SANDERSON (South Perth): I was not a member of the housing committee but I took a good deal of interest in its deliberations and report. I am thoroughly in accord with the principle of a housing scheme; I am only sorry that the scheme that has been brought down by the government does not meet the situation at all. The hon. member for East Calgary (Mr. Stanley), who is now acting Speaker, said this afternoon that in this bill the government were implementing a housing scheme, and I quite agree with him. But I am afraid that there is very little in the bill to help the low wage earner, and I contend that the first principle of this bill should be something to assist the wage earner, especially the low wage earner, in building and owning a house for himself and his family. Apparently there is conflict among members on the government side in regard to the provisions of this bill, because we had it from the acting Prime Minister (Sir George Perley) this afternoon that the bill was primarily for the assistance of the low wage earner, and we heard from the chairman of the committee (Mr. Ganong) that it was the intention of the committee and in its report it had in view the giving of assistance to the low wage earner in building a house. But if I heard aright the remarks of the chairman of the committee —and if I am wrong I shall be glad to be corrected—I understood him to say he did not agree with the minister who introduced the bill; that it offered very little by way of assistance to the low wage earner. Am I right in that?

Mr. GANONG: What I tried to say was that the bill is exactly as is stated on the face of it. It is an act to assist the construction of houses, but that does not necessarily mean houses for low wage earners.

Mr. SANDERSON: Then I still think what I have in mind is correct, namely, that the bill offers no relief to the low wage earner who may wish to build a home.

I consider this one of the most important measures of social legislation the government has brought down this session. If it were a measure so framed as to help the working people of Canada its effect would be far reaching. But the bill before us gives no relief to the unemployed; it gives no relief to the employed man working at low wages and very little relief to any person receiving a salary and desiring assistance in the building of a house. The purpose behind a bill such as this should first of all be that of giving some measure of relief to the unemployed. I have no desire to be critical of the government, but it does appear to me that this bill came in on crutches, so far as the possibility of its helping that for which it was designed is concerned. There is nothing in the bill which would help the common people, the workers or the labourers desiring to build houses. The right hon. member for Argenteuil (Sir George Perley) stated when introducing the bill that the government was introducing a measure to help the poor man. Well, if the right hon. gentleman thinks this bill will help the low wage earner or the poor man, I am afraid he knows very little about the problems the poor people of Canada are facing. Again I say I do not wish to be

misunderstood. I am heartily in support of and in sympathy with any measure brought down by this or any other government to give relief to the poor people of Canada facing the housing problem. It appears to me that if the government wanted to give assistance through a housing scheme it should have brought the legislation down earlier in the session, and not in the dying days of a dying parliament, when there is not very much life left in the government—and there will be very much less life left in it after they have appealed to the people. Had they brought the legislation down in 1930, 1931 or 1932, it might have been of some use. They have forgotten that the great majority of Canadian working people have found it very difficult even to keep roofs over their heads. Not only that, but the government have forgotten that the ordinary wage earner has not been able to get enough work to earn the money to pay rent. They have forgotten that in certain parts of Canada today there are more vacant houses than there have ever been in our history. Yet the government come in at this late hour of the session with a half-baked scheme—because that is what it is —to build houses for people who cannot afford to build their own.

Let us turn to some of the provisions indicating the assistance the borrower would get under the scheme. If he can get a loan company to put up sixty per cent of the amount he wishes to borrow, a borrower will have against him a mortgage to the extent of eighty per cent of the value of his property.

I doubt very much, however, whether any loan or insurance companies in Canada would advance much money under the bill as it now stands. From what I know of the history of insurance companies I do not believe they would lend much money under a measure containing the restrictions which are found in the measure before us. Within the last two weeks representations were made to a committee by the life insurance companies to the effect that they did not want any reduction in the rate of interest on money they had loaned to their policyholders. I do not intend to discuss that point, but I must say that if the life insurance companies have money to lend to their own policyholders, the best asset they have, not very much money would come out of their vaults to be advanced as loans under this measure.

The borrower is handicapped before he starts. He must arrange with either a loan company or an insurance company for a loan up to sixty per cent of the value of the land and building. Then the government will come in and lend twenty per cent, placing him in the position of starting out with a mortgage of eighty per cent. If he has it, he puts up the balance. How many wage earners in Canada, men receiving $550, $1,200, $1,250 or $1,500 a year, can put up twenty per cent of the amount they want to borrow? Very few. They have not that much money because they have not been able to earn it. I can readily understand that if some scheme were worked out under which a large number of houses could be built, mechanics, carpenters, bricklayers, plasterers, plumbers and labourers of other kinds would receive a great deal of work. That is one of the best features of the bill. But that work will not be given, because the restrictions are such that people wanting to borrow money will not find it available.

I suggest that the government withdraw this bill, give the matter further consideration and place before us a bill upon which we could be unanimous. I do not believe there is an hon. member who is not in full accord and sympathy with and anxious to support a housing scheme that is a housing scheme. But a bill of this kind is nothing more than a pretence, nothing more than a sham. If the bill passes and becomes law, while I will not go as far as my hon. friend from East Hamilton and say that not one house will be built under it, I predict that the number built will be very few. What we want is an act that will help the situation and assist in the building of houses, but the government have missed the point in every way.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, I desire to occupy just a few minutes of the time of the house to take part in the discussion of this bill to assist in the construction of houses. I have not had the opportunity this afternoon of listening to all the speakers who have participated in the debate, but so far as the importance of the subject is concerned I think there is no question about it. As a matter of fact when the government took upon itself the duty of appointing a special committee of the house to investigate housing conditions in Canada, that in itself was proof that the government was at least taking an interest in a new problem, a problem in which a great deal of interest has been taken in the republic across the border, in Great Britain and on the continent of Europe. As their housing problems have developed and as they have approached them and to some extent solved them, interest in the problem has spread to Canada, and the fact that the government appointed a committee of the house to investigate housing

conditions in this dominion was a forward step, a step in the right direction. We may say that it is a small beginning, but after all, small beginnings sometimes bring forth large results. As I was a member of that committee I thought I would make a few remarks on the bill and also on the work of the committee.

The committee held quite a number of meetings and considerable evidence was adduced. I think it was the general opinion of the committee, of the chairman, whom I was pleased to hear speak this afternoon, and of every member of the committee, that we did not have time enough to investigate this problem in all its ramifications. The feeling of every member of the committee was that the investigation as far as that special committee of the house was concerned had just started, that its work was by no means consummated, that a great deal of ground had not been touched at all, that there was a great deal of investigation still to be undertaken which should be dealt with by a standing or special committee of this house on some future occasion. That means what? It means that although it was a hopeful sign that the government appointed the committee, as it is also a hopeful sign that hon. members of the house are taking a great deal of interest in the question, yet we do not thoroughly know all the ground that ought to be known, and I do not think any person can successfully argue against that position. A few years ago the house was investigating the question of insurance against unemployment, sickness and invalidity, and when the investigation had been completed and the report of the committee accepted by the house we found that the provinces lagged behind. We passed on the report to the provinces and the provinces took no interest in the question. I maintain, Mr. Speaker, that this report of the housing committee ought to be passed on to every provincial government in Canada; their reactions to it ought to be got, and after that the dominion government will know better where it stands in respect to the question. Combined action as far as possible is very desirable.

There is no question about the importance of the problem. I believe we all recognize that. But so far as the municipalities and the provinces are concerned, and even the dominion government itself in a large way, we do not know much about just what ought to be done or precisely what is required to be done. The government has simply made a start on the problem of housing. That is all. The amount involved does not amount to much. I agree with the hon. member for South Perth (Mr. Sanderson) and the hon. member for West Lambton (Mr. Gray) and some other speakers that from the standpoint of the ten million dollars involved the bill does not go very far, and therefore if we test the sincerity of the government and its objective by the amount of money it intends to vote to make a start on this thing, there is no doubt that the conclusion is discouraging. It is no wonder that some hon. members who have spoken have taken the ground that the government should have given the question more consideration, should have come forward with perhaps a more constructive and encouraging bill and should have started, as it were, on larger ground to build an edifice so far as housing is concerned that would have been a credit and honour to the dominion. I believe the government could have done much better than it has done in the introduction of this bill.

The discussion that I have heard in the house so far has largely been concerned with urban housing, with the building of houses for the low paid wage earner in the metropolitan centres of Canada, in the industrial centres which have been built up largely by protection in Canada. It is admitted that their housing conditions are poor and that the time has come for constructive action, and the tendency of the argument during this debate has been that this bill applies in the main to the large industrial centres and to the low paid industrial workers. But as a member representing a great rural riding in western Canada I am not going to take that point of view. I am going to take a larger view. There is certainly room for the expenditure of money on housing in Winnipeg, in Vancouver, in Montreal, Ottawa and Toronto, in Halifax and other centres, but I am bound to say that if that is the conception the government has of housing, its housing program will not amount to much as far as solving the housing problem in this country is concerned. We must take a larger view, and that larger view takes in the housing accommodation of the hundreds of thousands of farmers in the western provinces, in Alberta, in Saskatchewan, in Manitoba—that is in the great middle west. The housing accommodation of these poor farmers who have been up against high protection for the last thirty or forty years, paying very dearly for everything they have to buy and getting very little for what they have to sell, is deplorable. They cannot build houses, and so numbers of them are living in shacks,

many of them in hovels. If this housing program does not touch these people at all, then as Bright says: We have yet to learn the art of government, yet to learn how by legislating to bring happiness and joy into the homes of the poor people whether in the rural areas or the cities and towns. But the bill does not say very much about improving the housing coanditions in the rural areas, and since I come from a great rural area that is fast developing, I maintain that these rural areas ought to be included in this housing program and ought to be put on a parity at least with the industrial centres of this dominion. If this were the intention of the government I believe there would be a larger amount mentioned in the bill; there is no doubt about it.

This problem should be investigated thoroughly and that is going to take time. The question arises as to what body will do this investigating. I believe the members of the committee were of the opinion that a special housing committee would be established for this purpose, but I notice that the bill provides that the economic council, commonly known as the "brain trust," is to be entrusted with the investigation of this important problem. This brain trust is made up of heads of departments of government residing in Ottawa, and if these departmental heads are to undertake the complete investigation of this matter they will have to change themselves into a perambulating body. They will have to go out into the west and through the rural areas to see how the people are living and why they cannot build better homes. If they do they will conclude that economic and industrial conditions are against these people, that they make it impossible for them to improve their living conditions. The very foundation of this housing problem is the reconstruction of our economic and industrial life and until we take some action in that respect I am afraid the government will never come forward with sufficient money to make housing conditions in the rural and urban areas what they ought to be. I again stress the importance of getting all the available facts. It may be necessary to enlarge the membership of the economic council or to establish a real housing body to investigate this problem in all its details. In that way a report which means something more truly national can be obtained and the government of Canada, backed by the required public opinion developed from year to year, can—with the cooperation of provinces, municipalities and various lending and building corporations—put into effect a housing program eminently worth while.

[Mr. McIntosh.]

Right Hon. Sir GEORGE PERLEY (Argenteuil): Mr. Speaker, I have listened with great interest to the speeches made by hon. members on both sides of the house in connection with this very important question. I think my hon. friends opposite are entitled to considerable sympathy because of the position in which they find themselves with regard to this bill. They take the position that there is nothing in it but at the same time they are prepared to support it. The hon. gentleman who has just sat down (Mr. McIntosh) says in one breath that we are doing nothing and in the next breath that it does not amount to much. According to his argument we are doing what he wishes us to do—nothing. Look at the position in which the Liberal party finds itself.

Mr. SANDERSON: What about the position in which the government finds itself?

Sir GEORGE PERLEY: We have been criticized to-night by several hon. members on the other side.

Mr. McINTOSH: I admitted that you had made a start.

Sir GEORGE PERLEY: I take it that the hon. member is prepared to support the bill. Why did not hon. gentlemen opposite bring this in several years ago? This government has had the courage to bring in such a bill and we must be given credit for that. Although my hon. friends opposite were in power for years they never thought of bringing in a bill of this kind.

Mr. GRAY: Everybody had a house then.

Mr. McINTOSH: There were good times.

Mr. SANDERSON: The times were prosperous then.

Mr. EULER: Is this not really the bill of the hon. member for East Toronto (Mr. Church)? He introduced a resolution in this connection.

Sir GEORGE PERLEY: The hon. member for East Toronto raised the question.

Mr. EULER: And not the government.

Sir GEORGE PERLEY: A committee was appointed but we have implemented the recommendations of that committee with legislation, and our action has been criticized on the other side. There is not an hon. member who has said he will not support the bill.

Mr. GRAY: It has been criticized on your side.

Sir GEORGE PERLEY: I stated that at any rate we were making a beginning in tackling this problem. The hon. member for West Lambton (Mr. Gray) has said that we ought to investigate this matter further before doing anything, but that is provided for in the bill. We are doing all that he wishes us to do and we are making a beginning with a scheme to provide new houses in this country.

Mr. EULER: It will not provide any.

Sir GEORGE PERLEY: The hon. member for North Waterloo (Mr. Euler) says that the insurance and loan companies will not lend any money under this scheme, but I may say to him that private conversations have been held between officials of the government and representatives of some of these companies and they would show the hon. gentleman to be entirely mistaken in his opinion.

Mr. EULER: I shall be very much surprised if any houses are built.

Sir GEORGE PERLEY: Quite so, but that will not be the first time the hon. gentleman has been surprised.

Mr. McINTOSH: Not at this government; there is a surprise every day.

Sir GEORGE PERLEY: The hon. member for North Winnipeg (Mr. Heaps) stated that the city of Winnipeg or any other city could not take advantage of this scheme. It would be quite simple after eighty per cent had been provided by other sources for a municipality to make arrangements for the other twenty per cent in order to take advantage of the bill. The hon. member for West Lambton suggests that the bill is of doubtful validity, but I do not think he was in earnest when he made that statement. Apparently he was trying to tie it up to the arguments made by the opposition in connection with other bills which we have brought down this session. In order to fortify his argument he quoted the words, "subject to the jurisdiction of parliament" which appear in the bill, but that was hardly fair. Those words were put in to show that we gave authority to any company under the jurisdiction of parliament to lend a larger amount of money than it previously had authority to do.

Mr. GRAY: I pointed out that there were only two under federal jurisdiction.

Sir GEORGE PERLEY: Quite so, but it was necessary that those words should appear in the bill. We would not attempt to give authority to any provincial company such as we would give to a company under the jurisdiction of parliament.

Mr. EULER: You could not anyway.

Sir GEORGE PERLEY: Quite so, but the hon. gentleman is hardly fair in commenting on those words and suggesting that the bill is of doubtful validity. I am sure he does not think that for one minute. After the house rose this afternoon I was rather interested in looking over a copy of Punch.

Mr. EULER: This is a joke, is it?

Sir GEORGE PERLEY: I listened to so much serious talk this afternoon that I thought I would enjoy something of that nature.

Mr. ELLIOTT: That is not where the hon. member got the bill, is it?

Sir GEORGE PERLEY: I propose to give the bill a little punch from this side.

Mr. ELLIOTT: It can stand it.

Sir GEORGE PERLEY: A lot of the criticism to-night has been on the ground that we were not going far enough and that this matter should have further consideration. We are going to give the problem further consideration but we hope we are starting a scheme which will be very beneficial. We are making a start and we hope that the matter will be given further consideration by the economic council and also by parliament when it resumes its sittings. I noticed the other day that there was a long discussion in the British house with regard to housing, Mr. Geoffrey Shakespeare being in charge of the bill. He detailed the achievements of his department, which included a large rehousing scheme. Mr. Greenwood, who had brought in the first housing scheme, was there at the time and expressed the view that the old bill was a far better one. When I come back twenty years from now and see my hon. friend from West Middlesex here in the house, with a new housing scheme going a great deal further, and when I listen to him, I shall probably say, as this gentleman did, "I think the bill we brought in years ago was a far better one." This is not a simple question and must be considerd quietly and slowly. As the years go by progress will be made in the direction of better housing facilities in this country.

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

On section 1—Short title.

Mr. HEAPS: In introducing the bill the minister gave certain information. In view of what he has said I think the committee is entitled to more information than he gave a few minutes ago. He referred to certain conversations with several of the mortgage companies, who were prepared to lend money under the existing terms. I had that impression from the minister, but if I am wrong I want to be corrected.

Sir GEORGE PERLEY: What I intended to say and hope I did say was that there had been conversations between representatives of some of the insurance and loan companies and officials of the department with regard to the possibility of making arrangements under this bill as it reads. But there has not yet been any definite arrangement.

Mr. HEAPS: I should like the minister to give some idea of those conversations, because the impression has been given the house, and I am under that impression, that the ordinary lending companies will not be prepared to lend money under the bill unless the government gives some assistance. I would therefore ask the minister to give whatever information he can in that regard.

Sir GEORGE PERLEY: That is all the information I have; no record was taken of the conversations.

Mr. HEAPS: Under a section which we shall reach later, and which is the crux of the bill so far as the government is concerned, it is suggested that the government will lend twenty per cent of the value of houses. Will the minister give us an idea as to the terms under which that twenty per cent will be lent?

Sir GEORGE PERLEY: Does the hon. member mean the rate of interest?

Mr. HEAPS: I mean the whole question; there is more than the rate of interest to be considered. What losses is the government prepared to accept, and what will be the rate of interest?

Sir GEORGE PERLEY: This matter is left with the Minister of Finance to make an arrangement afterwards with respect to agreements with the loan companies or trust companies and the method by which the whole plan will be carried out. We have no definite suggestions to make at the present time, but every care will be taken by the government and the Minister of Finance to see that the conditions are made as favourable as possible and the rate of interest will be kept as low as it can be.

[Sir George Perley.]

Mr. HEAPS: That is not an illuminating answer; it is not satisfactory. However, I will discuss the question when we come to the appropriate section. We are now discussing section 1, which declares this to be the Dominion Housing Act. There are certain features which I would ask the minister to explain: first, the relationship between the bill itself and the recommendations made by the committee that considered this question of housing. In the report submitted by the committee certain recommendations were made with respect to rehabilitation in both rural and urban centres. In this bill I believe there is no provision for the problem of rehabilitation in rural or urban centres. That question has been totally eliminated.

Sir GEORGE PERLEY: The committee made many recommendations, and we have been told by several speakers to-day that we have not enough information on which to base a bill. We have been told that we should wait. My hon. friends opposite—several of them—though they did not go so far as to say that they would not vote for the bill, practically said that it ought to be withdrawn pending further information. This bill goes as far as the government feels it can go at the present time in carrying out the recommendations of the committee. If the hon. gentleman will read section 3 he will see that the economic council is to be asked to go into all these problems further and make a report as soon as possible. But there is nothing in the bill with respect to rehabilitation, though the question will be given consideration by the economic council when they are going into the various problems connected with housing.

Mr. HEAPS: That is, of course, one way of partially shelving the problem. In this house we have a faculty which is known as speaking in a political sense, and when members of a political party requested that this matter be shelved or that further consideration be given it, I do not know whether they were serious, because in the same breath they asked for a more comprehensive measure than is contained in this bill. I have not suggested that this problem should be shelved; I have asked that the government proceed with a comprehensive scheme of housing wherever practicable. I have in mind my own city of Winnipeg where for quite a long time the city council has had a committee working on a scheme of housing, and they are ready to proceed with it if it can be financed on a basis of low interest. Under the terms of the bill as it is now before the

committee, I am afraid the city of Winnipeg could not proceed with a housing scheme copies of which have at different times been submitted to the present government. I am very anxious, for two reasons, to see Winnipeg proceed with a housing scheme: first of all, because of the necessity of a certain number of low rental houses or cheaper houses, and second, for the purpose of in some way providing employment for members of the building trades who for years have been out of employment. In spite of what the right hon. gentleman stated to the house a few moments ago, Winnipeg will not be able to proceed with a housing scheme, because, according to the terms of the bill, that city, even though it is a municipal body, could obtain only twenty per cent from the federal government and the balance of the money would have to be obtained from other sources. If that city went to a loan company, we are informed that those loan companies cannot lend funds at less than five and a half or six per cent. I think the right hon. gentleman must know as well as other members of the committee do, that there can be no successful scheme of housing in Canada at the present time on a six per cent basis; it cannot be done.

Sir GEORGE PERLEY: We are hoping that it will be possible to arrange that the average rate for a loan of this kind will be as low as five per cent.

Mr. HEAPS: Will the minister state how he arrives at that basis of five per cent?

Sir GEORGE PERLEY: I must ask the committee to bear with me; I am not making any definite statement as to what is to be done, because it will have to be worked out first by the Minister of Finance. But I would say this to the hon. gentleman: What we are hoping is that if we can manage to get money from the insurance or loan companies at five and a half per cent or perhaps less, the money advanced by the dominion will be at a rate that will make the average rate about five per cent; that is what we are hoping to do. I am of course unable to go into these figures definitely this evening.

Mr. HEAPS: As has been pointed out to-night, any housing scheme in order to be successful must be based upon a low interest rate, and unless we can get the rates down to as low as even three per cent, there is no possibility of any housing scheme being a success. According to what the right hon. gentleman has stated, the loan companies will lend money at five and a half per cent and the government will lend money at four per cent, so that sixty per cent of the funds will be provided on a basis of five and a half per cent and twenty per cent on a basis of four per cent.

Sir GEORGE PERLEY: The hon. gentleman is working out a plan on a basis which he does not understand and on which I am unable to give him definite figures. The companies may be able to lend money at a lower rate. I must ask him not to expect me to put on record this evening definite figures with regard to this matter. I am piloting this bill through for the Minister of Finance and I am trying to give the hon. gentleman all the information I can. I can assure him that if the city of Winnipeg wishes to proceed with a scheme such as he has outlined, the Minister of Finance will be very glad to talk the matter over and see if some arrangements cannot be made regarding it.

Mr. HEAPS: I do not see why Winnipeg as a municipal body should have to go to a private loan company to obtain its funds. If it is good business for a private loan company to lend the city of Winnipeg money at five per cent, there is no reason in the world why the same security should not be equally good to the government so that the city could get its money at cost from the government. That is where my objection comes in.

Sir GEORGE PERLEY: The hon. gentleman must remember that this government has advanced a great deal of money to the Manitoba government for the city of Winnipeg. We have a plan under contemplation now in regard to the sewage of Winnipeg whereby we would advance further sums of money through the Manitoba government to that city. The resources of the dominion government are not unlimited, and the idea that we have in mind is to get as large a number of houses built in this country as we can without leaning too heavily on the federal exchequer.

Mr. HEAPS: A couple of years ago the government undertook a system of federal works across the dominion and issued $40,000,000 worth of new currency to finance them. I think at that time it was stated from some source—if I am wrong I am subject to correction—the government were entitled to issue new currency to the extent of $100,000,000, of which an amount of $40,000,000 has been issued. If that is so and if the government are still in a position where they can issue $60,000,000 in new cur-

rency against the present gold coverage, is there any reason why that extra money could not be issued and a proper scheme of housing financed from such a new issue?

Sir GEORGE PERLEY: If the hon. gentleman will excuse me, I think I would prefer not to get into a discussion about currency or matters of that kind this evening.

Mr. HEAPS: It is very vital to this bill. I do not like to press the question too hard; I claim to know very little about the currency question, and it is only because this statement was made in the house, I believe by one of the responsible ministers, that the government were entitled to issue all this new currency and only a small proportion of it had been issued, that I ask the question. If it were entitled to issue the balance, then the municipal and provincial authorities would not have to lean very heavily on the resources of the federal government because the resources are there. The government might as well use the resources they have at hand, and they could use them for no better purpose than to finance a federal housing scheme.

Section agreed to.

On section 2—Interpretation.

Mr. COOTE: Would the minister explain what sort of lending institutions are contemplated under this bill?

Sir GEORGE PERLEY: Paragraph (e) reads:

"Lending institution" means a loan, insurance or other company authorized to lend money on the security of real or immovable property.

Mr. COOTE: Has the government discussed this matter with the companies in question? Has it reason to believe companies now in existence will enter into this scheme and make loans for the construction of houses contemplated under this measure, or does the government anticipate that some new type of company will be set up to operate under this bill?

Sir GEORGE PERLEY: I have already explained to the hon. member for North Winnipeg that there have been private conversations between representatives of some of the existing loan companies and officials of the Department of Finance in regard to this question. We certainly expect that it will be possible to make suitable arrangements with them under this bill.

[Mr. Heaps.]

Mr. SPENCER: Have the insurance and loan companies been consulted with regard to the bill, and are they satisfied with its terms?

Sir GEORGE PERLEY: I believe the companies were not consulted beforehand regarding this bill. The bill was prepared by the government. But there have been private conversations in regard to the carrying out of the terms laid down for these loans, and we anticipate that it will be possible to finance the scheme under this plan.

Mr. MITCHELL: Did these loan companies make any representations to the government in anticipation of this legislation?

Sir GEORGE PERLEY: As far as I know they did not approach the government regarding the matter, but Mr. Leonard, a representative of the companies, appeared before the housing committee.

Mr. MITCHELL: Then the government is not sure that the loan companies are going to cooperate at all?

Sir GEORGE PERLEY: Well, I have stated three times—

Mr. MITCHELL: I may be a little dense. I asked whether they had made any representations to the government; the minister said, no. I imagine this was not drawn out of a clear sky; there must have been some understanding.

Sir GEORGE PERLEY: I understood the hon. member to ask whether they had made any representations in regard to this legislation before it was prepared. I said that as far as I know they did not, but since the bill was prepared there have been conversations between representatives of the insurance and loan companies and officials of the Department of Finance in regard to carrying out this clause of the bill relating to provision of the money, and we have every reason to believe that housing can be financed in this way.

Mr. MITCHELL: The government must have taken a big chance in drawing a bill up in anticipation, not knowing whether the people it is intended to benefit are going to cooperate with them. When a bill is being drawn it is generally understood that interested parties make representations to the government, and I imagine the government generally gets some assurance, particularly with a bill of this kind, that the people concerned are going to adopt the policy contemplated; if not, the whole thing falls to the ground.

Mr. HEAPS: Subsection (e) of clause 2 defines a lending institution, and states that it means a loan, insurance or other company authorized to lend money on the security of real or immovable property. Is it the intention to confine it to the lending institutions named in this subsection?

Sir GEORGE PERLEY: Any company authorized to lend money on the security of real estate. This will be real estate.

Mr. HEAPS: Suppose a municipality wishes to build under a housing scheme and does not go to a loan company for its funds but obtains money from some other source at a lower rate, would they come under the terms of this bill?

Sir GEORGE PERLEY: If a municipality wished to go into business of that kind they would probably incorporate a company for the purpose.

Mr. HEAPS: I did not quite hear what the minister said. What I am trying to find out is this: suppose a municipality, say the city of Ottawa, wanted to go into a housing scheme, and were able to obtain the necessary sixty per cent from sources which would give better terms than a lending institution—for instance, it might issue its own bonds at four per cent. Is the city able to go to the government for the twenty per cent or would it be contravening the terms of the bill if they went outside of the loan companies to obtain those funds?

Sir GEORGE PERLEY: There is no power to deal directly with municipalities under this bill. If the hon. gentleman has any suggestion to make I shall be glad to listen to it.

Mr. HEAPS: If the city of Ottawa wished to go into a housing scheme and wanted to take advantage of the twenty per cent provided by the government under this bill, would the municipality be compelled to go to a lending institution as defined in this bill for sixty per cent of the money?

Sir GEORGE PERLEY: The municipality could incorporate a company the bonds of which they would guarantee, and provide the sixty per cent through that company.

Mr. HEAPS: But suppose the municipality wanted to do it as a municipality and to obtain the sixty per cent by the issue of bonds. What I am trying to find out is whether in that case the government would provide the twenty per cent as in the case of ordinary loan companies, or is the municipality compelled to go to a loan company?

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Sir GEORGE PERLEY: I have answered that there is no power under this bill to deal directly with the municipality.

Mr. HEAPS: Should not a municipality be on an equality with these private corporations? I think it is most unfair that a municipality which might wish to go into a building scheme as a municipal enterprise should be practically barred from the benefit of the bill.

Sir GEORGE PERLEY: The ordinary and usual way is for a municipality to form a corporation for such a purpose and to guarantee its bonds. In that way the city accomplishes all the purposes the hon. gentleman has in mind.

Mr. PECK: I want to bring that same question up when we come to consider clause 4.

Progress reported.

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

Tuesday, June 25, 1935

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

Fourth report of the select standing committee on miscellaneous private bills.—Mr. Stinson.

PENSION ACT AMENDMENT

Hon. D. M. SUTHERLAND (Minister of Pensions and National Health): Mr. Speaker, with the consent of the house I would like if possible to get the resolution standing on the order paper in my name advanced into committee to-day. The bill founded on the resolution is very short and it has the single purpose of extending for one year the appointment of a judge as acting chairman of the commission.

Mr. SPEAKER: with the unanimous consent of the house.

Mr. SUTHERLAND moved that the house go into committee to consider the following proposed resolution:

That it is expedient to extend for one year the provisions of the act to amend the Pension Act, chapter 58 of the statutes of 1934, respecting the appointment of a judge as acting chairman of the commission.

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

Mr. SUTHERLAND: Mr. Chairman, as you are aware the Pension Act was amended at the last session of parliament to provide that if the chairmanship of the board of pension commissioners became vacant it would be possible to appoint a judge of the superior court of any province of Canada to occupy that position for a period not exceeding one year. That year is up on August 1 next, and the government would like if possible to have the present holder of that office, Mr. Justice Taylor, continue for another year if it can be arranged without trouble to the court to which he belongs in Manitoba. That is the sole intent of the resolution.

Mr. MACKENZIE (Vancouver): Mr. Chairman, I would like to support the resolution of the minister and I would take this opportunity of saying that I think Mr. Justice Taylor has rendered very wonderful service during the past year.

Resolution reported, read the second time and concurred in. Mr. Sutherland thereupon moved for leave to introduce Bill No. 119, to amend the Pension Act.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

HOURS OF LABOUR

INQUIRY OF MINISTRY CONCERNING ATTITUDE OF CANADIAN DELEGATION AT INTERNATIONAL LABOUR CONFERENCE

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I see a dispatch from Geneva in the American press to the effect that the forty-hour week principle has been voted by the international labour conference by a majority of six, and that the delegates of the governments of Great Britain and the British dominions, with the exception of the Irish Free State, abstained from voting. I should like to ask the Prime Minister whether or not this is so, and if so whether they have taken that stand under the instructions of the government.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I explained a few days ago in answer, I believe, to a question of the hon. member himself that we did instruct our delegates that we had now proceeded to give effect to the convention ratified some time ago, registration of which ratification had taken place at the time, and that we thought it undesirable at the moment to take any part in the further discussion of lessening hours of labour in view of the position that had been taken with respect to the existing convention. That is, if the position which we took is sound in connection with the convention itself and it is intended, as was suggested during the progress of the debate, that it might be determined judicially, it was desirable that we should abstain from voting until such time as an opportunity had been afforded to enable that matter to be determined.

Mr. LAPOINTE: It is an admission that we are not sure.

Mr. BENNETT: No, that is hardly correct. The hon. member is a lawyer; it is hardly to be said that because a case is litigated both sides are certain.

Mr. LAPOINTE: Very well.

DOMINION HOUSING ACT

PROVISION FOR LOANS BY GOVERNMENT AND LENDING INSTITUTIONS UP TO EIGHTY PER CENT OF COST OF CONSTRUCTION

The house resumed from Monday, June 24, consideration in committee of Bill No. 112, to assist the construction of houses—Sir George Perley (for the Minister of Finance)—Mr. Morand in the chair.

On section 2—Definitions.

Mr. HEAPS: Mr. Chairman, last night just prior to adjournment the right hon. gentleman in charge of the bill, at least to my way of thinking, was unable to give a satisfactory answer to certain questions I put to him in connection with what is looked upon in the bill as a lending institution. I have certain objections to this clause. I object to it because it puts elected bodies, provincial and municipal, in a position inferior to that held by financial institutions. According to this bill if they wish to take advantage of the funds the government is providing and which, in my estimation are very meagre, then these publicly elected bodies will ultimately be compelled to go to lending institutions before proceeding with a housing scheme.

Last night the right hon. gentleman could not satisfy my questions in this connection. I feel that our city councils and municipal and provincial governments under the terms of the bill before us will be compelled to go to these lending institutions before they will be able to receive the funds provided by the federal government. I wonder if the minister has considered that aspect of the matter, and if he is prepared to modify the attitude of the government concerning that particular clause of the bill?

Sir GEORGE PERLEY: I have nothing to add to what I said last night.

Mr. NEILL: Would not the objections of the hon. member for North Winnipeg be met if subsection 1 of section 4 were amended to read as follows:

(1) The minister may, with the approval of the governor in council, enter into a contract with an approved lending institution or local authority.

I have added the words "or local authority." Under section 2, which is now under discussion, "local authority" is defined as "any province, municipality, society, association or corporation" and so on. I believe that would meet the objection of the hon. member. The local authority would then have the same opportunity to lend money as is now afforded under subsection (e) of section 2.

Mr. COOTE: I believe the suggestion offered by the hon. member for Comox-Alberni is a very sensible one, and I cannot understand why "local authority" under paragraph (f) is meant to include a province or municipality unless it is intended that under this measure a municipality might have the same rights as a mortgage or loan company. I believe the minister might very well take that point into consideration.

While on my feet I should like to put another question to the minister. I find that paragraph (d) of section 2 is as follows:

(d) "Housing scheme" means a scheme for the construction of houses and their occupation by tenants or purchasers.

Will that limit the scheme to the construction of new houses? In other words, under the measure will rehabilitation of present buildings be possible?

Sir GEORGE PERLEY: I regret to say that there is no provision in this bill for rehabilitation.

Mr. COOTE: No provision for rehabilitation? Then I should like to suggest to the government that before the bill is passed a section be inserted to make such rehabilitation possible. I believe a great deal of employment could be given through rehabilitation, and if such work were permitted under this section the other provisions in the bill are wide enough to allow it to be done. I hope the bill as finally passed will not shut out the rehabilitation of present dwellings. That is one thing that is very necessary and which should be made possible, if we are to pass this bill.

Mr. MITCHELL: I believe there is logic in the point raised by the hon. members for Comox-Alberni and North Winnipeg. I think it is fair to say that one of the major driving forces behind the bill was the report of the Lieutenant Governor of Ontario respecting slum conditions in Toronto and also the report on the contemplated policy of the civic government of Montreal in connection with slum clearance in that metropolitan centre. Considering the ability of the municipal organizations to borrow money at rates even lower than private companies can, I feel that every opportunity should be given them to avail themselves of this bill in the elimination of slum conditions in the urban centres of Canada. The insertion of the words "or local authority" would at least convey to the municipalities the idea that this bill was intended to meet the very pressing problem that confronts them at the moment in connection with slum clearance.

Sir GEORGE PERLEY: Section 3 of the bill provides that the economic council shall go into all these matters most carefully; there are five different subsections. Among other questions the problem of slum clearance is indicated. I agree with the hon. gentleman that this is one of the most important questions involved in the housing scheme, but I would point out that my hon. friends opposite last night argued very strongly against our proceeding with the bill at all until the economic council had reported under section 3. We propose to have this question thoroughly investigated right away by the economic council, and in the meantime we have brought forward this moderate plan for giving assistance in the building of new houses. That is why we have not set up any authority to deal with this plan but are leaving it to the Minister of Finance to make arrangements with the loan and insurance companies to carry it out.

Mr. MITCHELL: Notwithstanding the fact that I criticized the bill, I do not agree with some members who have said that it should not be gone on with, because in my judgment the most important thing about it is the establishment of a principle, the recognition of responsibility on the part of the federal government in matters of this kind. I still think, however, that the government would be well advised to leave the thing open so as to permit the municipalities to take advantage of the same opportunities as the private loan companies are given under the bill. It would be a distinct advance in view of the fact that they can raise money so much more cheaply. When a working man pays seven per cent on a first mortgage he is licked before he starts. I submit that an opportunity should be given the municipalities. Further, I believe that the best kind of government with respect to legislation of this description is the govern-

ment that is closest to the people. I would rather see the municipalities undertake such work than have it done by a government at long distance, because as a rule things are watched more closely in the municipality than they are when they are supervised by a government so many miles away.

Sir GEORGE PERLEY: Is the hon. gentleman suggesting that the municipalities should borrow money to put into effect a scheme of this kind, instead of the provision we have made for getting it from the loan companies?

Mr. MITCHELL: Absolutely. Take the city of Montreal or Toronto: where in the judgment of the municipal council they think that the only way to eliminate slums is by their own initiative, they should not be denied the right of the assistance which this bill offers. They would undertake the work on their own initiative, because the private loan companies will not do it themselves. If we are to wait until the private loan companies eliminate slums in this country we shall wait a very long time.

Sir GEORGE PERLEY: This bill is not intended primarily to take care of the slum question; I have explained that several times. We wish to have further reports from the economic council before taking up the question of slum areas. But as regards the municipalities going into this building program themselves, what I said last night I still feel, and that is that very few municipalities are in a position to borrow the money necessary to take the place of what we are getting from the loan companies. And if one of them did, all that is necessary for them to do is to form a company for that purpose, which they will control and provide with funds. It is quite simple.

Mr. ELLIOTT: I would point out to the minister that practically all the municipalities are prevented from incorporating companies for purposes of that kind, except by special act of the provincial legislature. They cannot do what my right hon. friend suggests.

Sir GEORGE PERLEY: I am not sure that that is not a wise provision. We had a case in Ottawa, and I believe elsewhere, where they started a building program which turned out disastrously.

Mr. ELLIOTT: Yes. But what my right hon. friend said, if I understood him correctly, was that the municipalities would have a housing company formed.

Sir GEORGE PERLEY: Yes.

[Mr. Mitchell.]

Mr. ELLIOTT: But there is no authority under the municipal act in Ontario to do anything like that. The only way it could be done would be by means of a private act.

Sir GEORGE PERLEY: Quite so.

Mr. HEAPS: There is involved in this question a principle which I hope the right hon. gentleman in charge of the bill appreciates. I do not want to see any of our public-elected bodies in a subservient position in relation to financial institutions, and that is what this bill does. It means that the municipalities and even the provincial bodies, which are solvent in their own right, cannot proceed with a housing scheme under this bill unless they first of all go to the loaning corporations designated in the bill before us. That is what I object to. When we are speaking of the supremacy of parliament and when we are talking about the power of financial institutions, I think it is a most unfortunate time to emphasize such a principle in a bill of this kind. The right hon. gentleman has said that if the bill is allowed to go through as it is the economic council will at some future time investigate the question of slum clearance, and the question of the power which the municipal bodies should have. Assuming that the council did suggest such a thing, as the bill stands now the municipal bodies could not do anything because the act would have to be amended before the elected bodies, either provincial or municipal, could take advantage of the very small percentage which the government is providing. It is true, as the minister is pointing out, that at present our municipalities are not in a position to go into the open market and obtain funds. Assuming that they want to go into the housing scheme, they would have to go to the loan or mortgage companies and obtain the money at 5½ per cent. We are forcing our municipalities to pay 5½ per cent, whereas under more favourable conditions they might go into the open market and get it at 4 per cent. The very basis of any successful housing scheme in any municipality in Canada is that of low interest charges, and unless a municipality or any other body is able to secure funds at a low rate of interest, much below five or five and a half per cent which this bill would compel them to pay, I cannot conceive of any successful housing scheme ever being evolved out of the bill that is now before parliament. That is why I am so anxious in regard to the matter; I wish to see this bill made a success; I do not want to see a bill which is a failure before it goes

through the house, and that in my opinion is what this bill is likely to be. It is going to have very little effect upon building in this country.

On the other hand it is quite possible there may be a few houses built under it; there may be a wealthy or fairly wealthy individual who may want to build a $20,000 home. If he wants to do that there is nothing that I know of in this bill that would prevent him from obtaining twenty per cent from the government toward the construction of that home. He could obtain from the federal government $4,000 at four per cent and he might be able to put up $16,000 in cash out of his own pocket. But the poor man who is trying to buy a home on the basis of a low rate of interest is completely barred so long as we have the high interest charges which this bill will foist upon the people of this country, assuming that any houses are built under this scheme.

Sir GEORGE PERLEY: The hon. gentleman should not assume any case like the one he has cited, that an expensive house would be built under this scheme; there is not the slightest intention of anything of that kind being done. The matter is of course left to the discretion of the Minister of Finance, but the purpose of the bill is to assist the building of smaller houses.

Mr. NEILL: I am sorry the minister has rejected the proposal put forward by the hon. member for North Winnipeg (Mr. Heaps) but as he has done so, I wish to deal with another aspect of the matter. The minister told us a few minutes ago that this bill did not propose to deal with slums. He also told us that it did not propose to deal with repairs. If he goes on explaining much more, we shall need a microscope to see what is left in the bill. He told us last night that the committee had brought in a report and that the government had implemented the recommendations by legislation. I cannot agree with that claim, and I rather agreed with the hon. member for North Winnipeg last night when he said that the relationship of the legislation to the report was no more close than that between pig and pig iron. I thought that was rather plainly and wittily expressed.

During the progress of the price spreads legislation, so to speak, through the house, we were told repeatedly that while legislation was introduced that appeared to be of somewhat doubtful constitutionality, this was done with the deliberate design and intention of complying as far as possible with the recommendations of the commission and that it verged upon the unconstitutional in order to do so; that was the object and determination. This is a case where there is no constitutionality involved, and therefore, if anywhere, we would expect to see the legislation conform very closely to the recommendations, and that is exactly what it has not done in three material points which I shall mention. One is the question which I shall touch on in a moment as regards repairs; the committee were very insistent on that; that was one of their vital recommendations. The second was the question of interest, the necessity of having a low rate of interest. This bill entirely ignores and makes no provision for that. The third was a recommendation by the committee that special attention should be shown in regard to selective tenancy.

This report is a very able one, prepared by able men. Looking at the names, I find them with few exceptions able, outstanding men in this house and they have brought down a unanimous report. In the resolution under which they were acting I find these words:

> To include the construction, reconstruction and repair of urban and rural dwelling houses.

Therefore the very foundation upon which the committee went to work was to have in mind the repair of buildings as well as the construction of new ones. We find a little later on that they devoted under a whole heading special attention to this rehabilitation, in other words to repairs. What did they say? They said:

> More living units could be obtained more rapidly by repairing existing houses up to reasonable standards than by any other means.

That of course is quite obvious. They also said:

> And had the merit of making available a large mass of work, general in nature, and more or less equitably distributed throughout the country.

They stated further:

> Funds made available will provide a larger number of standard living units than if confined to new construction alone.

In this legislation all that has gone by the board. We find them later pointing out that there had to be a very precise line drawn. If there was any plan costing above $3,500, it was only going to make it a little easier for men able to pay the difference between the cost and loan on a building to finance cheaply, but efforts had to be concentrated upon providing buildings by repair or construction for the low wage earners. The committee were very strong on that point. We find them a little further on making two alternative proposals to the government, neither of which the

government has apparently heeded. One was that the government would advance eighty-five per cent of the necessary funds at five per cent or less; the other was that it would advance twenty-five per cent at a cost of not more than three and a half per cent and that this would meet the situation. The government has apparently paid no heed to that. The committee point out very emphatically and more than once that it is important to keep rents as low as possible and that there is nothing that can do more to keep down costs than a low rate of interest. They point out:

> The lower the rent the larger the number who can afford to pay it.

And so on. As regards selective tenancy, they said:

> There is no justification for allowing those who can afford economic rents—

That is rents based on houses put up in the ordinary way.

> —to be housed at less cost to themselves in subsidized houses at the expense of the public purse. Selective tendancy, based on the ability to pay, is essential.

That is in their report, and we know what "essential" means.

Then they submit seventeen points which they say require emphasis, and the eighth one reads:

> Selective tenancy of government-aided housing should be based on total family income and ability to pay economic rent.

The eleventh one reads:

> A major item in the financing of houses is interest charges. There is, therefore, a close and vital relationship between interest charges and economic rents.

Is that to be found in this legislation? There is no mention of any suggestion of what the interest charges should be. Then the committee boiled their recommendations down to four points, and the second one is:

> That said authority be authorized to negotiate agreements ... with a view to promoting construction, reconstruction and repairs of such buildings—

Then the third one is:

> That as its first consideration—

Mark this!

> —the said authority be urged to take action in respect to repairs (rehabilitation), presently needed.

There is this one other point I would like to mention that appears not to have been brought up by hon. members who have been criticising this section of the bill. The whole benefit of the legislation will be nullified to a large extent if we are going to confine it to

[Mr. Neill.]

the building of houses and to the selling of them. That is to say, this scheme will help to build a house which is to be purchased by a working man. The average worker of the lower grade of income has not to-day $500 to put down as a deposit. He hasn't got a hundred dollars. Unless you can do something to help him his condition is going to be made worse, for he is going to be forced out of the more or less slum-like condition in which he is now into another slum where it will be more congested and therefore worse, because the slum he is now living in will be taken away and there will be a nice house built for $3,500 which is quite out of reach of his purse. It will go to the white collar worker with an income of $1,200 to $1,800, who will take advantage of the cheaper rate and move into this house, which will be cheaper than that for which he is now paying an economic rent. He will be the man who gets the benefit, not the man for whom it was primarily designed. No provision has been made in the bill so far as I can see for a system of tenancy. The hon. member for North Winnipeg, I think, glimpsed the idea when he suggested that the municipality should be allowed to put up the sixty per cent, then they would have control and could see that the benefit went to the class of people it is desirable to help, the low wage earner living on the verge of slumdom. When the house is built, which apparently may be done by a speculator, aided by a loan from the lending institution, and twenty per cent from the government, is there any obligation on him under this bill to rent that house at a rent in conformity with the assistance he has received from the government in order that the poor man shall get cheap rent? I cannot see it. The speculator, or private citizen, call him that if it sounds better, is going to be induced by a government loan at a low rate of interest—at least we hope it will be a low rate, there is no evidence of it—to build these houses, but there is no obligation expressed or implied that he shall rent them at a low rent. He may charge as much as the traffic will bear, and if there is competition for that class of house, as we know there is, for you can easily rent a house at a low rent when you cannot rent houses of higher value; he is liable to get the same rent as now and there is nothing to compel him to do anything else. I say the bill should be framed with a view to provide a ready and cheap form of tenancy, a selected tenancy is the term used in the report, so that the need of the people for whose benefit it is designed can be supplied, and through some guarantee to the municipality

or the local authority or in some way there will be an obligation on the man who builds the house to rent it at a reasonable rent. I should like to hear from the minister on that.

Sir GEORGE PERLEY: I think the hon. gentleman overlooks the fact that this is a bill for one purpose at the present time. That purpose is to help the building of houses, and also to give work to the trades which perhaps need it most now, those having to do with building of all kinds. The purpose is two-fold. Under section 3 it provides for further investigation and report by the economic council—

Mr. NEILL: That is putting the cart before the horse.

Sir GEORGE PERLEY: Not at all. My feeling is that we are doing very well to bring in a bill to provide for housing, something that has been discussed for many years, but this government has had the courage to do it. And at the same time it is designed to give work. If a proposal for slum clearance is brought up another year and I am here I shall be very glad to give assistance to any reasonable plan for that purpose also. In spite of the argument of the hon. gentleman last night, who stated that we ought not to go on with this bill at all without more information, the government say: We will do this now and we will have an investigation as well. Then another year we shall be in a position to consider the matter more fully.

Mr. EULER: I would gather from what the minister said that the chief purpose of the bill is to provide that further investigation may be made. Surely that is a rather barren result to come from the deliberations of the committee.

Sir GEORGE PERLEY: I do not think I said anything of the kind.

Mr. EULER: That is the inference I drew. I want to refer again to what I said yesterday because the minister made a reply to a certain representation I made yesterday. I criticized the bill as being almost useless from a practical point of view because of its financial set up. First a lending company is to provide sixty per cent of the capital, the government providing twenty per cent and the owner the final twenty per cent. The government is joined with the lending company in the mortgage which is to be given for the eighty per cent advanced by those two bodies. I criticized the bill from that point of view. If this bill is intended to make it possible for the small wage earner to own his own house I say it is impracticable in the first place because of the fact that the small wage earner will not have ordinarily the $500 or $600 which it is necessary for him to provide. Anyone who knows the situation in the towns and cities of this country after four or five years of depression will admit that there are very few men earning small wages who will be able to provide the $500 or $600 necessary to start under the scheme at all. I think the hon. member for Comox-Alberni (Mr. Neill) is needlessly concerned when he expresses the fear that well-to-do men are going to take the advantage of this legislation. Even they will not be able to take advantage of it because in their case it involves getting sixty per cent from the lending companies, which are then to join in a mortgage with the government on an eighty per cent loan. I said yesterday, and I reiterate to-day and I would like a further reply from the minister, that no lending company in this country will lend money to the extent of eighty per cent, which is what it amounts to. It is entirely contrary to their principles. The minister stated yesterday that he had had some interviews with lending companies. The hon. member for West Lambton (Mr. Gray) said that there are only two lending companies with federal charters. I do not know as to that, but my right hon. friend may have information to-day more definite than he had yesterday as to there being lending companies willing to put up sixty per cent and have their security lowered by the government coming in on that security for their twenty per cent. The chairman of the committee said yesterday, as reported at page 3931 of Hansard, referring to what I had said in regard to that:

> The hon. member for North Waterloo (Mr. Euler) said that the mortgage companies would not be willing to advance an eighty per cent mortgage. We had the representatives of the mortgage companies before our committee, and they said that there was a great deal of money available at five and a half per cent. Further, they were very anxious to lend it. Section 5, under which the minister and the lending institutions jointly take the mortgage, is no doubt there for some special reason. This I do not know, but I should be inclined to think, and it will undoubtedly be discussed in committee, that the mortgage companies would be willing to do it.

Some of my objection to the bill as being useless would be removed if the minister could assure the committee that the mortgage companies which he interviewed or which interviewed him gave him any specific undertaking that they were willing to lend money under the conditions outlined in this bill. I said yesterday I would be very much surprised, and the minister replied that I have been surprised

at other times, which is true, but I wish the minister would tell us specifically if these companies are willing to advance sixty per cent of the cost of the house together with the land and then share their mortgage with the government which has advanced twenty per cent making the mortgage up to eighty per cent. It means then that the mortgage company has a very poor security relatively speaking, because out of the eighty per cent the government puts up twenty per cent, which is twenty-five per cent of the total advance. In case of depreciation in value the margin of security would be very small indeed.

Then, as I said at the outset of my remarks to-day, practically the only merit the bill has is that it provides for further investigation. There was one other point, and this was advanced yesterday by one hon. member as well as by the minister; this provides a start and establishes the principle that it is the duty of the government to interest itself in housing. I do not think it has even that merit, and my hon. friend from East Hamilton said the same thing, because I think in 1919 this government established the principle that it should be interested in housing. I think it was in that year that the government loaned something like $23,000,000 to the provinces, and the provinces then advanced that money to others for the construction of houses. I think I am right also when I say that, with the exception of the money loaned to the province of Ontario, that money was never paid back to the government, at least not in full. I am informed, though I am open to correction—and I should like the minister to say something with regard to this—that of the $23,000,000 odd advanced by this government to the provinces for the purpose of promoting housing, only about $10,000,000 was ever returned. I should like to ask the minister what prospect there is that the provinces will ever return the balance owing on this account.

Sir GEORGE PERLEY: I am informed that the money is coming in gradually, though I am unable to give my hon. friend any figures in that regard. I think I said yesterday that this would not be the first time my hon. friend had been surprised, and I was very glad that he was not quite so positive to-day as he was yesterday.

Mr. EULER: Just as positive.

Sir GEORGE PERLEY: Not quite. I have two telegrams that came in this morning which I should like to read. The first is signed by Mr. T. Bradshaw of the North American Life Insurance Company. It reads:

[Mr. Euler.]

For some time have not been important loaners on house property but now looking forward to proposed housing legislation to stimulate legitimate residential construction and will be prepared to loan considerable mortgage money on suitable house properties on basis of sixty per cent sound valuation at current rates now approximating five and half.

Mr. EULER: Is that all there is to it?

Sir GEORGE PERLEY: That is that telegram.

Mr. EULER: If I may say so there is absolutely nothing in that telegram that would indicate that the insurance company is willing to loan its money on the basis of a joint mortgage with the government. That is the point.

Sir GEORGE PERLEY: The telegram is sent on the basis of this bill. The next telegram is signed by Mr. W. H. Sommerville, of the Mutual Life of Canada. It reads:

We see no reason why the housing act should not be successful. In any event the hearty cooperation and support of our company in its operation may be expected.

Mr. EULER: That is not definite at all.

Sir GEORGE PERLEY: Of course if the hon. gentleman questions telegrams of that kind I have nothing further to say, but I should like to read an extract from a memorandum by Mr. T. D'Arcy Leonard, solicitor for the Dominion Mortgage and Investment Association and secretary of the Ontario Mortgage Companies' Association, which was handed to Mr. Clark some days ago:

We believe that the soundest housing scheme would be one that would enable the existing mortgage lending institutions to lend up to eighty per cent on approved new houses, in approved locations, to be built for home owners.... If approved, a loan up to an amount of eighty per cent of the value of the property would be made by a lending institution, of which sixty per cent would be supplied by the institution and twenty per cent by the government. The government's contribution would be in the form of a cheque handled by the lending institution so that the borrower would have only the one organization to deal with himself.

If that is not an expression of opinion that the proposed bill is workable and that the loan companies will join together to help make it successful, then I do not understand what it is.

Mr. EULER: Is the last telegram from a loan company?

Sir GEORGE PERLEY: That was a memorandum from Mr. T. D'Arcy Leonard, solicitor for the Dominion Mortgage and Investment Association.

Mr. HEAPS: What is the date of that memorandum?

Sir GEORGE PERLEY: There is no date on it, but it was handed to Mr. Clark two or three weeks ago. I suppose the hon. gentleman will tell me now that all this is in bad faith, but I do not think that is quite fair.

Mr. HEAPS: That was prepared before the bill was drafted.

Mr. EULER: I do not wish to delay the committee, but not one of the telegrams read by the minister specifically commits any company to loan money on the basis of the terms of this bill.

Mr. COOTE: I should like to say a few words in connection with this bill; perhaps they relate a little more to section 4 but since section 2 is the interpretation section it has a certain bearing on all the other sections of the bill. I have several objections to this bill. I may say that I have been interested in the question of government action in connection with housing in Canada for some years and in 1932, during the debate on the unemployment relief bill, I suggested the formation of a housing commission in order to get under way a project for the construction of houses in Canada.

My first objection to the bill is that sixty per cent of the funds will have to be advanced by one of the lending companies and, as the bill is drafted, it seems that this refers in effect to existing mortgage, insurance and loan companies. So it does seem to me that the effect of the bill is to continue to load all housing in Canada with an interest charge of five and a half or six per cent. I should like hon. members to consider carefully the interest burden that is attached to any house carrying that rate of interest. Even on a house costing $3,000—and it seems to me that is the smallest amount for which a habitable house can be built to-day—a rate of five and a half per cent per annum means an interest charge of $13.75 per month before you include other charges for depreciation, upkeep, taxes or anything else. That seems to me too high; it seems definitely to make the type of houses that would be possible under this act available only to people with incomes of perhaps more than $1,200 per year.

Then it is quite evident that under this scheme only those who can advance twenty per cent of the purchase price will be able to secure any advantage. I think it is clear from the telegrams that were read by the right hon. gentleman that we cannot expect any lower rate than five and a half per cent, and I want to say again that an interest charge of $13.75 per month for any house makes this thing prohibitive to the class of people who need houses so badly.

Mr. JACOBS: Where do you find the interest rate in the bill?

Mr. COOTE: It is not in the bill, but the minister has indicated through the telegrams he has read that the companies are willing to loan money at five and a half per cent. It seems to me rather strange that the companies should say they have money to loan at that rate when I was told only recently that if we limited them to six per cent on mortgages some of the companies would be forced into bankruptcy. I take it for granted that some of those companies intend to take advantage of this opportunity to loan money at five and a half per cent. If we go ahead with this scheme of course I hope they will make this money available, but I should like to register still another objection to the bill.

This measure does not make any provision for the rehabilitation of existing houses that need repairs and improvements. I think that is one thing that is very badly needed, perhaps most needed; it is the thing that should be done first under any housing scheme. I noted carefully what the minister in charge of the bill said with regard to the investigation to be carried on by the economic council, and the fact that we want that investigation. That is quite true; I agree very largely with what the minister said, but after this investigation has been carried out we do not want to find that they were hampered in their efforts by a bill with too narrow provisions. I think this bill is a mistake in that it does not make possible provision for any rehabilitation scheme.

Then this does not seem to provide for the construction of houses in rural areas but I will wait till we get to one of the later sections of the bill before I commit myself definitely on that point.

May I point out to the committee that what is most needed in Canada is houses for people who cannot afford to pay $12.50 monthly for rent. I happened to be in the housing committee one day and heard evidence to the effect that practically one-third of the population of the island of Montreal had family income of from $1,250 down to $550, and that approximately one-third of the population of the island of Montreal have to live on a family income of less than $750. That is the class of people that housing is particularly needed for. I was told yesterday that one gentleman in Montreal who has interested

himself in this class of people has interviewed the Canadian National railway authorities and has secured from them the use, or I might say the gift, of a lot of old railway coaches and freight cars which the Canadian National Railways would be dismantling because they are going to build new equipment. He has also secured a piece of property and is getting the railway company to lay a spur line to it and is running a lot of these old coaches out to that district and expects to have enough coaches to house three thousand people. That gentleman is to be commended for that work because these people are being forced out of their homes and out of their rooms in Montreal. I was told by another gentleman from Montreal who interviewed me last week, that there is nowhere for them to go. This man before referred to is doing splendid work but I think where a housing scheme ought to start is to provide housing for people in Canada who cannot afford, on their income to-day, to pay economic rent.

Under this housing scheme the government is to advance only twenty per cent of the cost of the houses. I would suggest to the government that they might very well advance sixty or eighty per cent, and at a low rate of interest, and then we could build houses that could be rented to these people for not much more than half the rental necessary under the present contemplated set-up.

Perhaps I will be asked where can we find the money to do it? We have in Canada a machine for the creation of money, and we could very well afford to set aside—this would suit me—$100,000,000 as a start until this scheme is in operation.

May I point out to the committee just what has happened in Canada in regard to the amount of money that the government or the government agency has under issue. The Bank of Canada's last statement shows that they have a note issue outstanding of approximately $75,000,000 and they have deposit liabilities of $183,000,000, which is largely the deposits of the chartered banks. Their total deposit liabilities are $259,000,000. The gold reserve of the Bank of Canada is $106,000,000, with gold valued at $20.67 per ounce, but now it is agreed that gold is worth $35 per ounce, so at that valuation the present gold reserve held by the Bank of Canada is worth $180,000,000. The Bank of Canada Act provides for a reserve of 25 per cent against notes and deposit liabilities, and on that basis the present gold reserve of $180,000,000 is sufficient for a total liability of note issue and deposit liabilities of $720,000,000.

[Mr. Coote.]

At the present time, as I say, the deposit liabilities of the Bank of Canada together with the note issue amounts to $259,000,000. So that there is a margin for the bank to work on of $460,000,000. Surely with that wide margin the central bank might safely issue another $100,000,000 for the financing of a housing program, and that I think would be quite within the canons of sound finance. The margin that would still be left to the Bank of Canada would be almost two to one.

I would like hon. members to compare the present issue of notes in Canada with what it was in 1920. I take these figures from the Canada Year Book for 1933. On June 30, 1919, the issue of dominion notes outstanding was $300,000,000, and the amount of bank notes outstanding was $228,000,000, or a total of $528,000,000. The issue of Bank of Canada notes at the present time is $75,000,000, and of the notes of the chartered banks $120,000,000, or $195,000,000. I suppose there is still $10,000,000 of dominion notes outstanding, but taking them all together it is not half what it was in the year 1920. I assume that somebody will say that the deposits of the chartered banks in the central bank are equivalent to a holding of dominion notes. For the sake of argument I will grant that. The deposits of the chartered banks are $165,000,000, and adding that to the $75,000,000 of notes issued and outstanding, makes a total of $240,000,000 issued. As I said before, with the gold reserve of the Bank of Canada at approximately $180,000,000 there you have the basis for an issue of $720,000,000 including deposits. I cannot see but what it would be the most sensible thing in the world to issue $100,000,000 and to make it available for any housing project which the economic council might recommend, and that it be advanced at a rate of interest not more than two per cent I would say, to build homes for the classes of people in Canada that are most in need of them. I do not want to labour this point.

I just want to say again that what I have suggested here is quite within what I think might be called the orthodox ideas of money, that we must have a 25 per cent reserve for our notes and deposit liabilities of the central bank. It would only be making use of the right of issue of a little over 50 per cent of what is possible under the Bank of Canada Act and I really cannot see what objection there can be to it.

Before I sit down I would like to say again that we are badly in need of some assistance in securing adequate homes in the rural areas, and if this bill does not make provision for

that I hope that such provision will be made in the bill before it passes this committee, even though the scheme is not availed of until the projects have been approved by the economic council. But once approved I would like this bill to be wide enough for such schemes as are approved of to be carried out.

I would also like to be sure that there is available money for this project at a rate less than 5½ per cent. I agree with what was said by my hon. friend from East Hamilton (Mr. Mitchell) last night, that the man who starts off to pay for a house with money costing 6 or 7 per cent is defeated before he starts. We have seen thousands of cases during the last five years of people who have lost their homes because there was an interest rate of six or seven or eight per cent which had to be carried in the man's payments, and with the low level of wages which the masses of the people are getting to-day and the low prices our farmers are getting for their products they cannot stand these high interest rates. If this scheme is to be started in only a small way, let us at least start it in a sound way. I am not so much concerned about it being started in a big way as I am that it be started in a sound way. I know it is stated that the interest rate under this scheme will be 5½ per cent, but by the time the purchaser pays the various charges, inspection fees, and cost of drawing papers the rate is not likely to be under six per cent, and I think six per cent is too high a rate. I do not think it is economically possible for people to carry it. I believe that those who have studied economics extending over the last few hundred years agree with Thomas Woodlock that nature in the long run will allow for a very low rate of interest if indeed she will allow for the payment of any. Let us not begin a housing scheme on an unsound basis. The basis of this scheme is the interest rate; I say the interest rate at six per cent is too high, and the scheme will not amount to very much if it is built on that foundation.

Mr. NEILL: Would the minister deal specifically with the point raised by the hon. member for North Waterloo and myself, namely, that apparently this bill contemplates only those people who wish to buy houses. We have urged that the great need of the low wage earner to-day is not to have cheap houses which they cannot afford to buy, but to have cheap tenancy. Has the minister any proposal in mind which he intends to add to the bill, or does he find anything in the bill to permit a poor man, one who cannot afford to buy a house, to obtain cheap rent? The poor man, the casual labourer who moves around does not wish to tie himself down to a certain town or part of a town. He wishes to be in a position to move and, above all things, must have cheap tenancy.

I see nothing in the bill to prevent a speculator building a row of houses by the aid of cheap government money. Is there anything to compel that speculator to rent his houses to poor people at a price in proportion to the benefit he receives from the government? I can see nothing in the bill to prevent him holding us for as high rentals as the traffic will stand. I should like the minister to develop those points.

Sir GEORGE PERLEY: Paragraph (d) of the interpretation clause states that "housing scheme" means a scheme for the construction of houses and their occupation by tenants or purchasers. That covers the first point raised by the hon. member. The workman desiring to move about will be able to rent these houses.

Mr. NEILL: Paragraph (d) deals with the definition of the term "housing scheme," and has to do with possible action under section 3, in connection with which we are not legislating at this time.

Sir GEORGE PERLEY: It contains the expression "by tenants or purchasers." That means that these houses will be available for tenants or purchasers.

Mr. EULER: Where does it say that?

Mr. GARLAND (Bow River): Apart altogether from the point raised by the hon. member for Macleod (Mr. Coote) respecting the monetary policy involved in the financing of a scheme of this kind, may I say that this government is perhaps as responsible as any other body for the present lack of housing throughout the country. I would direct the attention of the minister and the committee to the fact that extraordinarily high tariff duties, especially dumping duties, have resulted in such high costs to those who construct houses that they cannot continue to do so. I have in my hand a comparison in costs of plumbing fixtures necessary in construction. A bath 4 feet 6 inches in length would cost $31.50 in Vancouver and only $11.45 in Seattle,—precisely the same specifications. A 5-foot bath costing $24.30 in Vancouver would cost only $13.45 in Seattle. The next size would cost $32.30 in Vancouver and only $16.45 in Seattle. A recess bath would cost $45.30 in Vancouver and only $27.95 in Seattle; the next larger size would cost $55.10 in Vancouver and only $31.25 in Seattle.

I set out these illustrations simply to indicate that there is an extraordinary discrimination against Canadian contractors building houses, or those wishing to pay for the building of them. That discrimination arises through the high tariff duties and especially the high dumping rates assessed against the trade. I have in my hand a letter from one of the big concerns in Vancouver, the Sanitary and Heating Association of British Columbia, complaining about this condition. They point out that while they might be able to meet the 35 per cent duty and freight charges for equal quality products, they cannot compete in the face of present dumping duties. There appears to be no competition in the supply of these goods; the manufacture of plumbing fixtures would seem to be in the hands of what is virtually a monopoly. Certainly the control in the west is in the hands of two concerns. There is no doubt about the measure of price fixation which must ensue, and no doubt that they take the fullest advantage of the duties and the dump. This means an added cost in plumbing fixtures to the extent of 30 per cent to 50 per cent, and in some cases as high as 70 per cent. Obviously if the government were interested in the building of houses, as one of its first acts it would have undertaken to modify the rates of duty on these goods which enter into the construction.

While under section 3 of the bill the economic council is advised to study practices which enter into the construction of houses, I contend that the minister and the government already know sufficient—possibly I should say that the facts are already sufficiently known—to have justified them long ago in taking this step towards reducing the cost of house construction.

Mr. McGIBBON: I should like to endorse the observations of the hon. member for Macleod to the effect that it is very important that the scheme be properly started. I know of no industry which would absorb more of the unemployed than would the building trades. The one great essential exists, namely, a market in the cities, towns and villages for houses. In considering a matter of this kind I believe it essential that the government should consider the type of construction. I believe these houses should be designed by architects; ventilation should be properly attended to and in the cities and towns where electricity is available they should be properly wired. I believe it would be to the advantage of a scheme of this kind if the houses were standardized; certainly that factor would cheapen them and standardization could be effected with a view to increasing efficiency and utility.

Not long ago I read an article written by Alfred Sloan vice-president of General Motors, in which he pointed out that properly designed houses could be erected in two days, including electric wiring, refrigeration, ventilation and the like. By standardization and through what might be described as high pressure practices they could be cheapened so as to be brought within the reach of nearly every labouring man. Houses built in that way would add to the health of Canadians, a factor which is to-day worthy of serious consideration. If the scheme were carried out properly it could be extended to the point where the labouring man in a town or city or the farmer in the country might have an up-to-date house equipped in every particular.

I do not know of anything which would have a greater effect in absorbing the unemployed than would a project of this kind. Canada has paid out about $180,000,000 for relief. How much better it would have been if that money and the moneys paid by the provinces and municipalities could have been turned into a channel of this kind. I am pressing upon the government the importance of having this scheme properly started. These houses should be properly drafted by competent architects, and ventilation, refrigeration and everything of that kind looked after. I think it would add greatly to the health of the country, which is becoming a problem, involving so much expense to the provinces and the municipalities that they cannot keep going. We have here a scheme which practically has no limit, because there is no limit to the market for houses. It only becomes a matter of getting the houses cheap enough so that those desiring them can purchase them. I hope the government has given the situation that study which its seriousness deserves because it is one that will not end this year or next year but will increase from year to year as the efficiency is demonstrated and the necessity grows.

Section agreed to.

On section 3—Duties.

Mr. STEVENS: Under section 3 there should come more properly a discussion much of which has been going on and to which I have listened with some interest. I want to make one or two observations and perhaps the right hon. gentlemen in charge

of the bill can clarify what at present is not clear to me. The question has been raised as to provision for that class of person who is unable to put up any money at all for the initial payment, and one must recognize that housing is more vitally needed by that class than by any other in the community. That is basic and should be the gravamen of any discussion on this matter. With your permission, Mr. Chairman, I should like to refer to section 4 in discussing the section now before us, because the two must be read together. I will not trespass too far on the rules, however. Section 3 provides that the economic council shall study, investigate, report and advise, when required to do so, into certain things, among which we find the following in paragraph (b):

upon a proposal for a housing scheme in any urban or rural locality, submitted by a local authority, and particularly as to the necessity for and feasibility of establishing a housing scheme in any locality for the construction of houses, with the assistance of the state, to be leased to low wage earners.

I read that in conjunction with a clause in section 2, the interpretation clause to which the right hon. gentleman has already called attention. Paragraph (d) of section 2 reads:

"Housing scheme" means a scheme for the construction of houses and their occupation by tenants or purchasers.

Now I apprehend that the right hon. gentleman means to say, in his utterances, that by virtue of these two subsections provision is made in this bill for housing for those who are unable to provide any initial payment, and that this shall be on a tenancy basis. If that is so, then I submit that section 4 is faulty or weak in its construction, because section 4 is the operative section of the bill, and it provides the power and the only power in the bill for the Minister of Finance or the government to make payments or to do anything that is effective. I will read from section 4:

The minister may, with the approval of the governor in council, enter into a contract with an approved lending institution to join with such institution in the making of loans to assist in the building of houses under conditions hereinafter mentioned.

Then in the subsections following I notice it limits to specific things that power of entering into agreement. I submit to the right hon. gentleman that in the subsequent subsections of section 4 there is no power given to do what it is suggested might be done under section 3 or in accordance with the interpretation clause—that is, to loan money for a housing scheme intended to be built on a tenancy basis. If the right hon. gentleman will note that point I will proceed with one or two other observations, so that I may not interrupt him unduly.

Sir GEORGE PERLEY: I am only too glad to have the hon. gentleman make suggestions looking to the improvement of the wording of the bill. When I referred to tenants, in connection with subsection (d) of section 2, I referred to the fact that there might be put under this scheme houses which would not be owned by the people who occupied them; that is to say, they might be erected by a company or association and rented to tenants. That was the idea. With regard to the other question of providing houses for people who are not able themselves to pay anything, this is supposed to be covered by the provision with respect to further investigation, under (b) of section 3. It is not the intention of this bill, as I understand it, to provide houses for people if they cannot contribute something towards their construction; but it is the intention to have the economic council go into all these matters most carefully and make a report as soon as possible. The question which the hon. gentleman raises, with regard to houses for people who cannot provide any of the money themselves, is one which the council will have to consider carefully; and if section 3 is not broad enough in its terms, so far as investigation by the council is concerned, I shall be glad to consider suggestions for its improvement.

Mr. STEVENS: I am not referring to section 3; I am calling the right hon. gentleman's attention to the inadequacy of section 4. In section 3 we infer—and I submit that is as far as we go—that it is possible that a scheme may be suggested by the economic council which would provide for low rental tenancy habitations. That is suggested, and my point is that the bill does not give corresponding power to the government to do what it suggests in section 3 might be done. I therefore suggest that before section 4 passes there should be added thereto a subsection positively authorizing the government to accept a scheme such as might arise under (b) of section 3. That is in so far as the bill is now drafted.

There is another point I wish to raise. I refer to the situation throughout Canada in many cities, but certainly in the larger cities such as Toronto, Montreal, Vancouver, Winnipeg, Hamilton, Windsor and any of the

other industrial centres. I think there is no one who has visited these places but will agree that there is very grave necessity—and I cannot emphasize that too strongly—for the establishment of sanitary housing on a low rental basis for what might be termed the working class. Furthermore I doubt if there are any cities that do not have on their hands properties that have come back to them under tax sales, what are known in the west as tax sale properties, which might form the basis of a municipal housing scheme. This is nothing new; it is something that has been in operation very extensively in Great Britain. In some United States cities it is now being canvassed very carefully, and I think in some cities it is actually in operation where the municipalities have taken advantage of this property that is now non-tax producing, backed up on their hands, very often well situated, and upon which very suitable, comfortable and cheap forms of housing could be erected in a modern way. I think we must recognize the fact that the construction of houses in Canada as well as in the United States is woefully behind the times; it is oldfashioned, obsolete. We know from some of the great world exhibitions, for instance, that there is a modern type of construction with conveniences that can be erected at very moderate cost permitting of a rental much below what is normal to-day. So I think we should review the situation from that standpoint and anticipate in this bill a new era in type of construction. We should provide in this bill that the government will have power to enter upon such a scheme, because without any doubt the economic council, if it does its duty at all, will present to the government a scheme of that character. But this bill does not provide for the government carrying out the scheme should such a one be submitted.

Another point I would like to submit is this: in the ordinary method followed in loaning for construction purposes in Canada, the costs of making the loan, the appraisal, the transfer fee, the mortgage charge, the insurance and all those charges usually make initial fees that are entirely disproportionate to the services rendered. That I think is to-day so commonly an abuse—and I use that term "abuse" advisedly—that it ought to be guarded against in this bill. This measure provides simply that the government, the minister in this case or the loaning authority, as it is indicated, shall cooperate with existing private institutions and carries into whatever scheme is adopted, wherever it is adopted, all of those oldfashioned and I believe obsolete abuses which to-day characterize the loaning of money. That feature ought to be eliminated from any scheme into which the Canadian taxpayers' money enters. I believe section 4 should be so redrafted that we would guard against such abuses being again perpetrated.

There is another point to which I should like to draw attention, and for the moment it escapes my mind what is the accepted ratio of rentals to salaries, but if I am in error in what I say I shall be very glad if some hon. member would set me right. I believe it is an accepted principle in economics that no one should be asked to pay more than twenty-five per cent of his earnings for rental; I think that is correct.

Mr. HOWARD: Twenty per cent is better, but twenty-five per cent maximum.

Sir GEORGE PERLEY: Twenty to twenty-five per cent.

Mr. STEVENS: As a matter of fact I venture the statement that many of the working class are to-day paying at a rate of about thirty per cent or more, or they overcome that impossible handicap by doubling up. There is not in Canada a city where you will not find in one habitation whose cubic content is suitable only for one family, two and even three families. Why? Because of the economic stress. They cannot afford to pay the thirty, thirty-five or forty per cent as the case may be, so in order to live at all, two or three families will get together and live in one habitation. I was in Montreal not long ago, and I imagine the committee may have had this data before them where it was said that an investigation had disclosed a very serious unsanitary condition because of this doubling or trebling up of families in one apartment or house as the case may be. That is a very serious matter; to my mind it is fundamental; it strikes at the very root of this whole problem of housing. The danger that I see in this bill is that the powers given to the minister or the government permit the carrying of these abuses into any new scheme instead of in a mandatory manner making such abuses impossible in connection with any scheme which is adopted.

There is another point already mentioned by several hon. gentlemen. Leaving for the moment the question of tenancy, we come to a class that may have a small amount of money in hand. A sum of $400, $500, $600 or $700 is something that it would be very difficult for many to find. On the other hand, if a person has $500 to $1,000 to invest in a

home, there is not much that we need to worry about in connection with such a class, but the persons that I am concerned about are, first, the working class in the congested areas of Canada and, second, the other class referred to by the hon. member for Macleod (Mr. Coote), namely, the rural class. I would like to say just one or two words in regard to that. I do not know what a survey of Canada would disclose, but there have been some very excellent surveys made of the United States, and the condition of the average rural home in that country is I think an appalling story largely because of the costliness of sanitary arrangements, lack of proper lighting facilities and the general costliness of construction. I believe we should aim in this bill, as I have already indicated, at providing, first, for the low rental class in industrial centres and, second, a typical, comfortable, sanitary home for those in rural and agricultural districts, so as to make possible decent living conditions in this country. I do not think any survey has been made of Canada, but I recall the survey carried on in some parts of the United States in the last two years and the fact that so few houses have even a bath is simply appalling.

Mr. COOTE: Five per cent in the rural districts of Canada.

Mr. STEVENS: Yes. We need to be seized not only with the seriousness of this situation but its disgrace to us as a civilized people, and the absolute necessity of laying the foundation for a new era in low cost sanitary housing in this country.

The last point to which I wish to refer is interest. I do not think this parliament will discharge its duty if we pass a housing bill that contemplates a rate of interest of five and a half per cent, which with charges will be more than six per cent, I think at least six and a half. That rate is altogether too high. I am not concerned about well-to-do people who want a nice home, they can borrow money and pay five and a half or six per cent and take care of themselves. But for those who have low wages or insufficient returns in the price of their produce—and they outnumber the others five to one—a rate of five and a half or six per cent is too high. This bill ought to provide for a rate of interest close to the rate at which it is possible for the government of Canada to borrow money, that is a basic rate of three to three and a half per cent. Therefore I draw the attention of the right hon. gentleman to the fact while subsection (b) of section 3 permits the economic council to look into these things and report, I submit that section 4, the operative section, is inadequate to permit of a reasonably effective measure being put into operation.

Sir GEORGE PERLEY: My impression is that the hon. gentleman was not here yesterday evening when we were discussing this question. I simply tell him that there were many here who argued that we should not have any bill at all just now for the provision of housing, but simply go on with further investigation. The government, however, thought that they would make a start at any rate in providing housing under this scheme. The hon. gentleman has said quite rightly that there is no provision in section 4 for the government to take further action on the report made by the economic council under section 3. The idea was that this investigation by the economic council would take some time and would necessitate rather minute inquiry into many phases of this question. They would have to work out something as to cooperative arrangements between municipal, provincial and dominion authorities, and consider other questions such as slum areas and the provision of houses for people who cannot afford to put up any money to help build for themselves. There was no intention under section 4 that there should be provision for the government to implement the suggestions made by the economic council. The idea we had was that probably before the economic council really made a complete report there would be another session of parliament, and this matter would then be taken up for further consideration and implemented with further legislation. I am just as anxious about providing accommodation for low wage earners as the hon. member for East Kootenay (Mr. Stevens) can possibly be. I think we are taking a step in the direction of doing something about housing which has never been done by this parliament before, and it certainly is not the intention to stop here. But as information is provided and we can see our way to go further it certainly is the intention of the members of this government as I understand to try to do so.

With regard to interest and charges, the hon. gentleman will find that subsection (g) of section 4 gives the minister authority in making his agreement to impose such other conditions as will safeguard the interest of His Majesty. Our idea is that this will be administered under the Department of Finance. The Minister of Finance will give consideration to all such questions and it certainly would

be the aim that the charges incidental to a scheme of this kind should be as low as possible.

Mr. STEVENS: Could the right hon. gentleman indicate from the telegrams and the memoranda he read a moment ago what rate of interest is contemplated by the companies who have expressed a willingness to cooperate?

Sir GEORGE PERLEY: I explained yesterday evening that the rate they suggested is five and a half per cent, and the rate at which we expect the government will put up their twenty per cent will be three and a half per cent, which would give an average of five per cent. Whether it will be possible to get the companies' rate below five and a half per cent, I cannot say, but my hon. friend can rest assured that every effort will be made to carry out this scheme as economically as possible.

Mr. STEVENS: The five per cent in that case would be on the whole eighty per cent loaned?

Sir GEORGE PERLEY: Yes, certainly, an average of five per cent.

Mr. ELLIOTT: In answer to a query by the hon. member for East Kootenay may I say that the committee had evidence from Mr. Cudmore of the statistical department, and yesterday I put on Hansard at page 3911 the figures showing the conditions in rural and urban sections. I am sure it will be a great surprise to hon. members, as it was to me, to know that there are nearly double as many one-family households living in one room in the rural parts of Canada as there are in the urban sections. The figures given to the committee in the evidence, which is available to every hon. member, were 21,116 one-family households of owners, and 7,261 one-family households of tenants, while in urban sections there were 11,975 households of one family of two or more persons in a single room, and only 94 households of two or more families in a single room. The conditions disclosed by the representative of the statistical department as reported in the last census show the great necessity for something being done in the rural sections. Conditions were worse there than in the urban sections. That is one reason why I think it is a great mistake to limit the operation of this bill to new construction and not allow advances to be made for repairs.

Some hon. MEMBERS: Hear, hear.

Mr. ELLIOTT: Following what has taken place in other countries—I do not intend to repeat what I said yesterday in that regard—the greatest relief that can be given to the unemployed in various sections of Canada today can be given by furnishing little farm plots out in the country, away from the congested areas, where land is not expensive and where buildings now in existence could be repaired. But under this bill that cannot be done. I call the attention of the committee to subsection (a) of section 4:

> A loan shall be made only for the purpose of assisting the construction of a house ...

So that absolutely settles the question of whether the loan can be made for any other purpose. As I understood the telegram that came from Mr. Bradshaw, it stated that his company was willing to advance sixty per cent. That is very different from advancing three-quarters of eighty per cent, and that is the percentage provided.

Sir GEORGE PERLEY: I see the point made by the hon. gentleman, but may I say that when Mr. Bradshaw sent the telegram he was fully conversant with the terms of this bill, and I take it that he sent the telegram to show his willingness to cooperate in an attempt to carry out the provisions of the bill.

Mr. ELLIOTT: I wonder if the right hon. gentleman would read that telegram again.

Sir GEORGE PERLEY: I sent it to Hansard.

Mr. ELLIOTT: There is no question about it; the terms of the telegram were that the company would advance sixty per cent. If Mr. Bradshaw was conversant with the terms of the bill, that telegram meant that his company do not intend to advance more than sixty per cent; at least that was how it sounded to me.

Mr. HEAPS: It would be entirely a first mortgage, and the twenty per cent advanced by the government would be a second mortgage.

Mr. ELLIOTT: From the telegram stating that they were willing to advance sixty per cent—

Mr. GRAY: That would have to be a first mortgage loan.

Mr. ELLIOTT: Yes, he evidently calculated that he was going to get the first sixty per cent, and I want to point out that this is a very different thing from getting a share of an eighty per cent loan, as was pointed out yesterday by the hon. member for North Waterloo and others.

Sir GEORGE PERLEY: I must repeat that I think Mr. Bradshaw understood the terms of this bill perfectly. I do not think he would have sent the telegram at all if he had not been willing to carry out the terms of the bill.

Mr. ELLIOTT: I do not intend to labour the point, but Mr. Bradshaw is not a stupid man by any means. He is a financier, and I think probably it was because he is a financier that he sent the telegram stating that he would advance sixty per cent. If he will advance sixty per cent he will advance a higher percentage than most of the companies in the business have been advancing for several years past; there is no doubt about that.

Apparently we are discussing sections 3 and 4 together; I think perhaps it is advisable to do so. I believe the government should consider very seriously this question: If we are right in understanding that loan companies are willing to advance three-quarters of an eighty per cent mortgage, this bill should provide for the proportion of the loss, if any, that they should bear. Let us look at the position in which the government will be put. They advance twenty per cent, and under this bill they may be liable for eighty per cent or ninety-nine per cent of the loss if they make a contract of that kind. The minister in charge, with the approval of the governor in council, has power to enter into an agreement with the lending institution with regard to the proportion in which the loss is to be borne. I wonder if my right hon. friend who is piloting this bill through the house has had from any of these financial institutions any indication of the proportion of the loss they are willing to bear. If he has had any such intimation, it should be in this bill. If they are willing to set the figure at twenty per cent of the loss—and I think that is a fair proportion—it should be in the bill. If they would be satisfied with thirty-three and a third per cent, then the bill should say that the loss borne by the government shall in no case be more than thirty-three and a third per cent. The minister owes it to this house before we give him and the government carte blanche to enter into agreements—if any are made in pursuance of this bill—by which the dominion treasury may be called upon to bear a much greater proportion of the loss than its proportion of the advance, to see that these clauses are so amended as to make that clear. I do not really insist on limiting it to twenty per cent, but I say it is not fair to the people whom the members of this house represent that we should give authority to a minister to render the taxpayers of this country liable for that great proportion. There should be some limit fixed.

Section agreed to.

On section 4—Advances.

Mr. MacNICOL: I should like to make a few observations in connection with this section, which sets out the conditions under which an advance shall be made by the government to start small house construction. After reading over these conditions I do not see anything provided to safeguard the wages to be paid the workers engaged in the construction of houses that may be built as a result of this bill, unless that safeguard is contained in the words "sound standards" in subsection (a). I believe if that phrase does not deal with the situation another clause should be added that will protect the wages to be paid those engaged in all the trades concerned with these works. I had occasion this morning to discuss with a delegation here from Toronto a matter in connection with bill 86. I will not refer to bill 86 now, but in the discussion it came out that in connection with a good many houses being erected in Toronto to-day—and I presume in other cities throughout Canada—contractors and builders are taking advantage of the fact that many of their workmen are on relief. One member of the delegation stated that in connection with a building on which I understood he was doing some work in order to obtain a job a mechanic first had to present his relief card. I am not associated with building, so I do not know whether or not that is so and I am only repeating what was told me. That gentleman said further that in applying for a position a workman would stipulate that he would take less than $12 a week for what work he was to do on the building, and that as long as he received less than $12 a week he would at the same time receive the ordinary relief in his community.

If that is the situation I think some steps ought to be taken to see to it that the plumbers, steamfitters, carpenters, bricklayers, masons, painters, tinsmiths and all the others engaged in the work covered by this bill, work that will be started through the fact that the government proposes generously to assist in the construction of houses, should receive fair wages.

I am in hearty accord with the bill and I want to compliment the government as strongly as I can on introducing it because it my opinion it will provide an immense amount of work throughout Canada. But I

am concerned that any chiselling that may now be going on against labour because of men being on relief should not be permitted by those who construct buildings under this program. Very few of our workers want to take relief if they can get the sound wages to which they are entitled.

I have listened to the discussion of other phases of the bill and I wish to endorse what has been said about interest rates. I have had a great deal to do with workmen in my time; I have had to work with many, many thousands of them, and I do not see, Mr. Chairman, how a workman can pay 5½ or 6 per cent on a house of this class. I am not enough of a financier to know how cheaply money can be obtained, but inasmuch as these houses are apparently to be occupied or leased by the low paid worker I commend to the government consideration of every angle of the interest question so that whoever rents or purchases one of these houses may have the advantage of the lowest possible interest rate.

The farmer is now able to get money through this government at 5 per cent, and I am in accord with that, but if the farmer is able to get money at 5 per cent through this government, surely the average low paid worker in the cities should not be asked to pay a higher rate than the farmers pay. The bill I notice does not specify the rate. I have heard the rate mentioned as 5½ per cent, but if the rental or selling price of these houses can be based on a lower rate than 5½ per cent I would say by all means get the rate as low as possible.

Another hon. member has said something about repairs. That is something which I wish this bill covered. There is a large amount of property in this country to-day which is being destroyed for lack of ability on the part of the owners to pay for the necessary repairs. Takes eaves troughing. Half of the houses—perhaps that may be an arbitrary number; it may be 25 per cent—at least a great many properties that I know have holes in the eaves troughing through which the rain is running down and ruining the woodwork and projections of the houses, and if anything could be done in this bill to provide assistance for making repairs to houses I am sure it would result in many thousands of men being employed in that work, and at the same time it would safeguard a considerable portion of the national wealth of the country, for after all property is an important part of the national wealth of the country, and if it is allowed to run down and become ruined because the owner cannot repair it the national wealth is lowered to that extent.

Another thought came to me from something that was said by the ex-Minister of Trade and Commerce (Mr. Stevens), and with which I am in hearty accord, and that is that we should see to it that provision is made for the fullest possible equipment of these low priced houses with conveniences. I have had something to do with manufacturing large quantities of equipment in my time, and I know that an order for $100,000 or a quarter of a million dollars' worth of equipment can be sold at a much lower unit price than only a few hundred dollars' worth, and I wondered if there could not be some means provided whereby a city or community undertaking a large scheme of slum clearance, which apparently is covered by this bill, for the purpose of rebuilding on that site better houses, could secure the equipment at a lower price by buying in large quantities. I believe that can be done. I believe that in a scheme of this kind the necessary equipment for the houses can be purchased in large quantities at a lower price than the average man realizes.

The scheme itself if it is carried out to the fullest extent would provide approximately $50,000,000 worth of house construction. The government puts up $10,000,000; that is 20 per cent of the total, and if $50,000,000 worth of this class of building can be started it will mean the employment of a great number of mechanics throughout this country. That is something, Mr. Chairman, that has to be done. The average workman does not want relief; he wants work; he wants to own his home and he wants fair conditions to live under. Our workmen in Canada are as good as the best workmen of any country in the world, and having regard to the very trying conditions that this country in common with all others is going through I for one want to speak in the highest terms of the great mass of our Canadian workers for the patience with which they are enduring hardship and privation, and I hope that this bill will rapidly pass through the house and that the most vigorous measures possible will be taken to encourage the actual commencement of the work.

There is one other point. As I looked through the bill I was not sure whether the figures of 20 and 60 per cent cover the land as well as the building. If the land is covered it would reduce the amount available for the building. If they do not cover the land I

presume that before any money will be advanced the land will be considered to be free land or land that has been paid for.

Before taking my seat I again want to compliment the government on this scheme and I hope that a start will soon be made on the construction of houses which will provide much labour for the ordinary workman.

Sir GEORGE PERLEY: I just want to say a word in reply to my hon. friend. Paragraph (b) of subsection 2 provides that the land is included in the cost. As far as investigation by the economic council is concerned regarding slum areas and the construction of houses for low wage earners, my hon. friend may be very certain that the economic council will give all these questions very careful consideration.

Mr. ELLIOTT: Will my right hon. friend give a statement as to the proportions that are likely to be agreed upon?

Sir GEORGE PERLEY: I am sorry that that question has not been settled at all. That is a question that comes under the Minister of Finance, and I am sure that my hon. friend will be willing to trust him to make these agreements as carefully as it is possible for anybody to do. I have not been present at all the discussions regarding these various matters and am not as conversant with them as I might be, but the hon. member must know very well that the Minister of Finance will take every precaution to guard the treasury and to make agreements as reasonable as possible in connection with the building of these houses.

Mr. ELLIOTT: The members of parliament should take the precaution.

Mr. HEAPS: I am glad one hon. member has had the courage to get up and congratulate the government on this bill. It would seem that he thought the bill was all right—that is, if we do not consider the fact that he wanted provision for low interest rates, rehabilitation and repairs. But if the hon. member can find anything in this bill which will give the rural sections what he wants them to have and provides rehabilitation for houses in the cities he certainly finds something in it which no other hon. member up to this time has been able to find.

The right hon. gentleman who sponsors the bill has stated that it provides for action which has not been taken previously by parliament, and that is makes provision for recognition of the right of parliament to do something in connection with housing. I do not believe the right hon. gentleman is quite correct in his statement because in 1919 an act was passed as a result of which $23,000,000 was appropriated by the federal government for loans to the provinces to built houses. I would a thousand times rather have an act similar to that of 1919 than the one now before us. The 1919 legislation provided for control and supervision, a point to which I attach a great deal of importance. I believe that procedure would be preferable and that we would make more headway under a comprehensive federal housing scheme than we will make under the measure before us.

Within the last few minutes I have been reading some of the statements made upon the introduction of the bill by the right hon. gentleman, and I should like to quote one or two of them. At page 3776 of Hansard the right hon. gentleman is reported as follows:

> The object of this bill is to formulate a plan to assist in providing houses suitable particularly for the low wage earner and to keep down the cost and interest charges within his ability to pay; it is also to provide work for the unemployed. It is evident that construction of this kind would stimulate business and hasten recovery by providing employment for those trades and industries in which unemployment is most acute.

It might provide employment for a few thousand people who would benefit. Later on the right hon. member states:

> The other point which I wish to stress is the obvious desirability of taking certain immediate steps of a practical nature designed to assist in solving the existing problem of unemployment.

Forsooth, this bill is one of the measures which the government is bringing before parliament to solve the problem of unemployment. When I listened to the observations made a week ago by the right hon. gentleman I was under the impression that a worth while bill would be introduced. I certainly did not expect to see one such as that we now have before us, one which hon. members from all parts of the house have criticized. In my experience as an hon. member I have never known as cool a reception of a government bill as that given to the one now under consideration.

The importance of interest rates in the matter of home construction is evidenced by observations made in the report of the housing committee. I do not believe the committee can attach too much importance to the rate of interest, because unless we have a low rate of interest I say no successful housing scheme can be inaugurated in Canada. At page 20 of the report of the housing committee I find this:

> The British MacMillan report claims that in reference to British conditions "a fall from six

per cent to four and a half per cent in the rate of interest on loans against houses is nearly as good as a fall of twenty-five per cent in the cost of production."

It is for reasons such as these that I attach so much importance to the question of cheap money for the construction of homes, a provision which does not appear in the measure before us.

I suggest that before section 4 is passed the minister ought to state specifically and without qualification the position of government security as compared with that of private lending corporations. We do not know. He states only this, that at some time in the future by an agreement with the loan companies the Minister of Finance will safeguard the interests of the federal treasury. I say there is only one way the government can safeguard the interests of the treasury, namely, by putting the 20 per cent provided by the government at a much lower rate of interest than that received by the private corporations on a basis at least equal to that of the advance by private corporations. Will the minister tell the committee whether the 20 per cent advanced by the government at a rate of three and a half per cent, as he has indicated, will have the same standing, so far as security is concerned, as the money to be provided by private corporations?

Sir GEORGE PERLEY: I have already pointed out that as I understand it, that is to be the arrangement. The agreements made by the Minister of Finance will give every care and consideration to this point. The hon. member for West Middlesex asked a question about terms which at the present time I am unable to answer. I assure him however that the Minister of Finance will take every care to see that agreements are made in proper form.

Last night the hon. member for North Winnipeg ond other hon. members suggested that the words "or local authority" as defined in paragraph (f) of section 2 should be inserted in section 4 at various points, so that the minister would be in a position to make arrangements with them as well as with lending institutions. After giving the matter careful consideration I see no reason why we should not accept the suggestion. By accepting it we find that the words "or local authority" should be inserted after the word "institution" in the third line of subsection (1) and again after the word "institution" in the same line. Then, the same words should be added after the word "institution" in the

[Mr. Heaps.]

fourth line of paragraph (a) of subsection (2) and after the words "lending institution" in paragraph (c). Then, the words "or local authority" would be added before the word "jointly" in paragraph (e), and the same words would be added after the word "institution" in the second line of paragraph (f). They would be added again in paragraph (g) at the end of the second line. In this way we would bring the clause into line with the suggestions made. The Solicitor General will move these amendments.

Mr. DUPRE: I so move.

Mr. ELLIOTT: As I read the bill no individual may loan money under it, no matter how much money he may have or the terms upon which he may be willing to make advances. If an individual is willing to lend money on terms as favourable as those offered by lending institutions why should he not be allowed to do so, when it is being extended to local authorities?

Sir GEORGE PERLEY: Theoretically there is no reason why that should not be done, but as a matter of fact it would involve arrangements being made throughout the country. After all, my experience has been that there are very few individuals who care to loan money on that basis.

Mr. ELLIOTT: I submit they should have an opportunity.

Sir GEORGE PERLEY: Theoretically I could see no objection to it.

Mr. GRAY: In view of the fact that the lending company and His Majesty will be joint mortgagees on all these loans, will the minister tell us whether or not the provincial moratorium and the Farmers' Creditors Arrangement Act will apply to the loans when made?

Sir GEORGE PERLEY: I understand that the provincial moratorium would not affect mortgages taken in that way.

Mr. GRAY: The provincial moratorium will not apply to these mortgages simply because His Majesty has a portion of the loan; is that the argument? Or will it apply to sixty per cent of the loan and not to the twenty per cent which His Majesty loans? In what proportion will it apply? This house has passed what is known as the Farmers' Creditors Arrangement Act, for which the government takes a lot of credit, and I think we should know whether it is to apply, or

whether it will apply in certain provinces only, or just where we stand when the loans are made. It is important that the committee should know what position the lending companies and His Majesty as joint mortgagee will be in respectively, because I cannot see how in law you can separate the one from the other once you sign the mortgage. I should like the minister to explain fully.

Sir GEORGE PERLEY: I understand that the provincial moratorium would not apply.

Mr. GRAY: Would the Farmers' Creditors Arrangement Act?

Sir GEORGE PERLEY: That act is for farmers.

Mr. GRAY: Well, often houses are built on farms, and I am not being facetious when I say that. I presume that if this act applies in the way the minister hopes it will be applied there will be rural as well as urban houses. It is intended to include all, and I should like to know whether the Farmers' Creditors Arrangement Act will apply to these loans.

Sir GEORGE PERLEY: I am very sorry but I have never considered that question.

Mr. GRAY: The Solicitor General is here and he might assist in the legal phases of the bill.

Mr. DUPRE: I could not answer offhand any more than the right hon. gentleman can.

Mr. GRAY: Will the minister let the section stand until we get an opinion from the law officers of the crown?

Mr. STEVENS: I welcome the amendment which the right hon. gentleman has made to section 4, but before that section is finally carried—

Sir GEORGE PERLEY: Is the amendment carried?

The CHAIRMAN: The amendment is not carried yet.

Mr. STEVENS: Before the amendment passes I might direct attention to one other point already referred to, and that is subsection (f) of section 4. It is the question raised by my hon. friend from West Middlesex. It provides that any loss sustained in respect of any loan shall be borne by His Majesty and the lending institution, or local institution, as amended, in such proportions as are fixed by the terms of the contract. It will be noted that section 5 authorizes the lending institutions to disregard the limitations of their charter. For instance, a mortgage company may be limited by statute or by its charter to, say, forty per cent. Some of them do in practice refuse to go beyond forty per cent, but as a matter of fact they may be limited by their charter to that percentage, let us say by way of illustration. This section waives that limitation, and the lending company will therefore be permitted to loan up to sixty per cent. The question I want to submit is this. Will not the government, when they come to make the contract with the lending institution, be faced with this argument, that inasmuch as their charter limits them to forty per cent, and this bill authorizes the waiving of that limitation, they can claim that the government in its contract with them should agree to bear a larger proportion of the loss than is represented by sixty to forty? That is a very real and practical problem that will probably arise, and it strikes me that in passing this bill, which is really more or less an enabling bill for lending institutions, we should definitely limit or delimit or define the loss of the parties respectively. That could easily be done by amending the bill to this effect, that any loss sustained shall be borne by His Majesty and the lending institution, or the local institution, in the proportions that they have advanced—or words to that effect. I submit to the right hon. gentleman that such an amendment would greatly improve the bill.

Amendment (Mr. Dupré) agreed to on division.

Mr. NEILL: Seeing that the minister has adopted that amendment suggested by myself some two hours ago, perhaps he will be equally complaisant with one I am now about to propose. I move to amend subsection 2 (a) of section 4, line 32, by inserting after the word "construction" the words "or repairs to." It includes the principle of repairs.

Sir GEORGE PERLEY: The question of repairs has been raised by several members and it is one which requires the most careful consideration. The administration of such an amendment as my hon. friend suggests would present a problem of great magnitude. How, for instance, should we arrange for repairs to my hon. friend's house in Alberni, to a house in the back end of Argenteuil, to a house in Nova Scotia, and so on. These are all small amounts and the question has to be carefully considered by itself. It is an important matter that ought to be gone into

and I hope that the economic council will consider it and make some suggestion. The administration of such a provision would be very difficult indeed and we are not prepared at the present time to insert it in this bill.

Mr. NEILL: That is what the committee recommended.

Mr. STEVENS: Would the right hon. gentleman mind giving consideration to the suggestion I made?

Sir GEORGE PERLEY: I am sorry, but I hope the hon member will not press an amendment of that kind. As I understand the matter, arrangements in regard to the division of any losses will have to be made by the Minister of Finance who will have the administration of this legislation, and the proportion will of course depend somewhat upon the circumstances. Let us suppose for the sake of argument that the property is worth only seventy per cent when eighty per cent has been loaned. According to my hon. friend's suggestion, as I understand it, the government would bear one-quarter of the loss. I am not at all sure that any fixed proportion ought to be mentioned in this bill because I think the proportions that the government and the company ought to bear will depend a good deal on how big the loss is; in other words, all that has to be taken into consideration in making the agreement. The hon. member for West Middlesex (Mr. Elliott) and the hon. member for North Waterloo (Mr. Euler) tell us that we cannot get any money at all under this bill; that no loans will be made. What we are anxious to do is to show that they are mistaken; that we shall be able to get some.

Mr. EULER: I wish the government luck.

Sir GEORGE PERLEY: The suggestion of the hon. member for East Kootenay (Mr. Stevens) would tie the matter up in such a way as to make it more difficult for the Minister of Finance to make arrangements with the insurance and loan companies. I submit for his consideration that it would be better to leave this in the hands of the Minister of Finance as provided for in the bill.

Mr. STEVENS: I would like to say just this. According to my interpretation of the bill, it is quite possible that the government will be called upon to bear all the loss. I am simply registering a protest against the indefiniteness of the allocation of loss, which I think is a grave mistake, and inasmuch as it is a joint arrangement between the government and the loaning company, the loss should be defined whatever the definition of loss is.

Mr. EULER: I entirely agree with that. My criticism that no money would be lent by the loaning companies was on the assumption that if there were any loss, that loss would be proportionate to the amounts lent by the government and by the companies. If this clause gives to the government the right to assume the entire loss and to relieve the lending company of any loss that might occur, I have no doubt loans will be forthcoming, but nobody in his right mind would assume that the government is going to lend twenty per cent, share in a first mortgage and then assume the whole loss.

Mr. STEVENS: It amounts to a guarantee of the whole thing.

Mr. EULER: Of course if the government is willing to do that sort of thing some loans might be available, but it never occurred to me that the government would consider the idea of insuring the loaning company against loss.

Mr. STEVENS: The government can do that under this bill.

Sir GEORGE PERLEY: That is rather an extreme view.

Mr. GARLAND (Bow River): The minister can clear up the whole matter if he will state whether the government is taking a first mortgage or second mortgage security or whether it is a joint arrangement by both in the first mortgage.

Sir GEORGE PERLEY: I have already explained that it is a joint mortgage covering the two items.

The CHAIRMAN: The question is on the amendment of the hon. member for Comox-Alberni (Mr. Neill).

Sir GEORGE PERLEY: I am sorry, but as I have explained to the committee I do not think this is a feasible amendment so far as this bill is concerned and I find myself unable to accept it.

Amendment negatived: yeas, 15; nays, 23.

Mr. GARLAND (Bow River): Now that this bill is definitely not one for the low wage earner, might I be permitted to suggest to the minister another amendment to paragraph (d) of subsection 2 of section 4? It reads:

The rate of interest to be charged the borrower in respect of any loan shall be subject to approval by the minister.

That is all to the good, but I also think in keeping with the speeches made by hon. members here to-day, there should be inserted after the word "interest" the words "and other charges." The hon. member for East Kootenay and the hon. member for Macleod pointed out what I know to be a fact—

Sir GEORGE PERLEY: If the hon. member will permit me, I think that is covered in paragraph (g).

Mr. GARLAND (Bow River): No, it is not. Paragraph (g) reads:

Such other conditions as are stipulated in the contract between the minister and the lending institution.

I am quite sure that a moment's consideration by the minister will convince him that this in no way is included in the bill.

Sir GEORGE PERLEY: I have no objection to that insertion. I consider it is covered by paragraph (g), but if it is going to make the matter any plainer by stating:

The rate of interest and other charges to be charged the borrower—

I have no objection to that.

Amendment (Mr. Garland, Bow River) agreed to.

Sir GEORGE PERLEY: There is another amendment I have at the end of paragraph (c) where it is suggested that these words be added:

Provided that the governor in council may in any class of cases fix the percentage at less than the sixty per cent aforesaid.

That is to say, we feel there may be some cases in which it may not be necessary to get the sixty per cent and the government should have the power to take a less amount in certain cases.

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Sir GEORGE PERLEY: My attention has been called to the fact that the word "mortgage" hardly covers the legal situation in Quebec, and that therefore paragraph (e) of subsection 2 of section 4 should be amended by inserting after the word "mortgage" in the fourth line the words "or hypothec."

Mr. DUPRE: I move accordingly.

Amendment agreed to.

Mr. GARLAND (Bow River): Is the minister prepared to state to the members of the committee the names of the lending institutions that have been approved?

Sir GEORGE PERLEY: No lending institutions have yet been approved. No action has been taken under this bill. It would hardly be fair to parliament to set to work to approve of lending institutions before the bill passed. That has not been done.

Mr. GARLAND (Bow River): Have any of the lending institutions that might be approved subsequently been consulted; if so what are their names?

Sir GEORGE PERLEY: Several of these gentlemen appeared before the committee and gave their opinions very fully, as set forth in the report. I explained that there have been some private conversations between some representatives of the companies and officials of the department in regard to this bill since it has been brought in to the house. I read telegrams from two of them this afternoon, which the hon. gentleman will find in Hansard, also an extract from a memorandum given by Mr. T. D'Arcy Leonard, solicitor for the Dominion Mortgage and Investment Association.

Section as amended agreed to.

On section 5—Loans by lending institutions.

Mr. EULER: This section carries what seems to me a rather peculiar provision, I would like to ask the minister whether I clearly understand it. It says:

5. Notwithstanding any restriction on its power to lend money, contained in any other statute or law, any lending institution subject to the jurisdiction of parliament, may lend on the security of a first mortgage given in favour of the minister and the lending institution jointly pursuant to the provisions of this act, an amount equal to eighty per cent of the cost of construction ...

But also in the same clause it says it may lend jointly with the government, I presume eighty per cent. Does that mean that the lending institution may lend eighty per cent, and is it then the presumption that the government lends the other twenty per cent?

Sir GEORGE PERLEY: No. I have an amendment here, changing the words "equal to" to "up to." I think that makes it plainer. The idea is that as the company holds a share of the first mortgage up to eighty per cent, as far as corporations subject to the jurisdiction of parliament are concerned we are giving them authority to do that although their charter may limit them to sixty per cent.

Mr. EULER: I am afraid I have not made myself clear. Can the lending company lend the eighty per cent and the government the other twenty per cent, is that the intention?

Sir GEORGE PERLEY: Not at all.

Mr. EULER: Or is the eighty per cent intended to be sixty per cent by the lending institution and twenty per cent by the government?

Sir GEORGE PERLEY: Certainly, sixty per cent by the lending institution and twenty per cent by the government.

Mr. EULER: The clause distinctly states that the lending institution may lend up to eighty per cent. If it does, then the government must lend the other twenty per cent, because they are joined in the mortgage.

Sir GEORGE PERLEY: If the hon. gentleman can suggest any better wording I am prepared to consider it, but the fact is that if the company takes a part of an eighty per cent mortgage they have got to be given authority to lend up to eighty per cent, or else they cannot join in at all, because they only get a share of an eighty per cent mortgage.

Mr. EULER: Then it does as a matter of fact empower the company to lend up to eighty per cent if it is foolish enough or desires to do so.

Sir GEORGE PERLEY: Legally I suppose that is correct.

Mr. EULER: The intention is not that they shall lend eighty per cent and the government twenty per cent?

Sir GEORGE PERLEY: The intention is to regularize this provision, that they lend sixty per cent and the government twenty per cent.

In this clause also, after the word "mortgage" in the fourth line should be inserted the words "or hypothec" the same as in the other.

Mr. DUPRE: I so move.

Amendment agreed to.

Mr. DUPRE: I also move:

That section 5 be amended by striking out the words "equal to" in the sixth line and substituting the words "up to."

Amendment agreed to.

Section as amended agreed to.

Sections 6 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

[Sir George Perley.]

SECOND NARROWS BRIDGE

Right Hon. SIR GEORGE PERLEY (for the Minister of Marine) moved the second reading of Bill No. 118, respecting the bridge across the Second Narrows of Burrard inlet in the province of British Columbia.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Bridge declared to be a lawful work not interfering with navigation.

Mr. MACKENZIE (Vancouver): May I ask the right hon. gentleman if the substance of this bill has been communicated to the parties interested in North Vancouver and Vancouver city?

Sir GEORGE PERLEY: As I understand it this bill has been brought in at the suggestion and request of the people out there who are interested, but if my hon. friend has any doubt about it I will let it stand. I am sorry I am unable to answer the question definitely, but from the discussion yesterday I understood that this bill was suggested or asked for by the people interested.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

MORTGAGE CREDITS FOR FISHERMEN

Hon. GROTE STIRLING (Acting Minister of Fisheries) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure for the purpose of establishing a system of long term mortgage credit for fishermen, under the administration of the Canadian Farm Loan Board, and to authorize the government of Canada to provide initial capital in an amount not exceeding three hundred thousand dollars, and to subscribe an amount of five per cent of the capital stock as loans are made; to purchase fishermen's long term loan bonds in an amount not exceeding five hundred thousand dollars; and to guarantee the principal and interest of such bonds to an amount not exceeding one million dollars.

Mr. DUFF: Explain.

Mr. STIRLING: Mr. Speaker, the question of providing facilities for granting loans

to fishermen is one which has given the government a considerable amount of concern for some time, not only because of the representations which have been made to it by fishermen's associations, by members of this house and by the public which is interested, but also because the majority report of the royal commission on price spreads draws it to the attention of the government and asks that it should receive early and favourable consideration.

At this stage I suggest that we consider the purpose of the resolution; the details as to how the loans are to be granted may be dealt with when we have the bill before us. The resolution suggests that it is expedient to bring in a measure for the purpose of establishing a system of long term mortgage credits for fishermen, and the government considers that the best way to administer this measure is that it be put into the hands of the Canadian Farm Loan Board for that purpose. At one time it was thought that it might be well merely to pass an amendment to the Canadian Farm Loan Act, but on consideration it was found that the wording of the clauses so frequently tied that measure up entirely to farmers and agricultural land that it was decided to introduce a separate bill and in that bill to provide that these mortgage credits should be placed under the administration of the Canadian Farm Loan Board.

Financial provision would necessarily have to be made for the funds from which the loans could be made, and the government suggests starting that fund by a contribution of $300,000 in very much the same way that the Canadian Farm Loan Board was started. Further it undertakes to subscribe to the long term bonds which will be issued to an amount not exceeding $500,000 and to accept contingent liability besides that in the form of a guarantee for $1,000,000 of bonds.

I suggest, Mr. Speaker, that if we can proceed to the committee stage it will be easier for hon. members to follow the terms of the bill when we have it before us.

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

Mr. NEILL: Will the rates and other conditions as to the term of the loan and so on be practically the same as under the Canadian Farm Loan Board Act?

Mr. STIRLING: Yes, it is along the line of the Canadian Farm Loan Board Act. When we have the bill before us I think the hon. member will see that it is similar in its terms.

Mr. DUFF: May I ask if the bill is to be introduced this evening?

Mr. STIRLING: That is the intention.

Resolution reported, read the second time and concurred in. Mr. Stirling thereupon moved for leave to introduce Bill No. 120, for the purpose of establishing in Canada a system of long term mortgage credits for fishermen.

Motion agreed to and bill read the first time.

WEIGHTS AND MEASURES ACT

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. Sir GEORGE PERLEY (Argenteuil) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 70, to amend the Weights and Measures Act.

He said: Mr. Speaker, subclause 5 of the Senate amendment was sent back to the Senate. The Senate had proposed an amendment to subclause 5 in which this house did not concur and the Senate was so notified. Now they have suggested a substitute amendment which is really a compromise and will be satisfactory to the officials of the department. It will be found on page 608 of the votes and proceedings of Friday last.

Mr. MACKENZIE (Vancouver): Read the amendment, please.

Sir GEORGE PERLEY: It reads:

(5) In any proceedings under this act in respect of an alleged deficiency of weight or measure of any prepackaged goods the court shall, subject to the provisions of the next following subsection, disregard any inconsiderable variation in the weight or measure of any single trade, but for the purposes of the next following subsection the court shall have regard to the proved average weight or measure of a reasonable number of other articles of the same kind, if any,

(a) sold or delivered by the defendant within any period of time not exceeding one week, or

(b) in the possession of the defendant, for the purpose of sale or delivery, on the same occasion as that on which any sale or delivery of one or more articles of the same kind was made by him.

(6) When a deficiency appears from the proved average weight or measure as mentioned in the next preceding subsection the court shall, all other elements of the offence being established, convict in respect of the actual deficiency in the weight or measure of any single article or articles which is one or more of those which contribute to or produce such proved average weight or measure and

all prepackaged articles of the same kind as that sold or delivered which are found in the possession of the defendant within forty-eight hours after the sale or delivery shall be deemed to have been in the possession of the defendant on the same occasion as that of the sale or delivery, and to have been then and so in his possession for the purpose of sale or delivery, unless he proves the contrary to the satisfaction of the court.

Motion agreed to; amendments read the second time and concurred in.

MARKETING ACT AMENDMENT

Hon. ROBERT WEIR (Minister of Agriculture) moved the second reading of Bill No. 117, to amend the Natural Products Marketing Act, 1934.

He said: Mr. Speaker, the first amendment is for the purpose of extending the scope of the definition "natural product" to include such articles as are wholly or partly manufactured or derived from a product of the forest. The second amendment is to make provision for the dominion marketing board to lend money to organizations after they have been set up to finance them until the means to raise funds provided in their scheme has become effective.

Mr. YOUNG: Does that mean financing for the purpose of paying for the commodity?

Mr. WEIR (Melfort): No. The next section of the bill, section 4, is new. It provides:

(9) Notwithstanding any provision of this act, any scheme of regulation may provide solely for equalization to any extent, as between the producers, of the returns received from the sale of the regulated product.

Mr. YOUNG: Does that refer to pooling?

Mr. WEIR (Melfort): No. It has reference to a scheme upon which a good deal of work has been done. I have the dairy industry in mind. To a certain extent it could refer to pooling, but that is taken care of in another way. If for any cause one product of the dairy industry—for instance, butter, whole milk, evaporated products, or cheese—got out of line with the world market price and the producers in another branch of the industry switched their product to the branch receiving the higher market price, the result would be that the quantities would be so increased that the price would be reduced to the world market basis. Under such circumstances the fund set up for these purposes would be used to equalize the price on the product of the other branch of the industry to prevent such development.

[Sir George Perley.]

The last amendment states that:

(1) Every person who fails to comply with any order or determination of the board or of a local board or any regulation of the governor in council shall be guilty of an offence and punishable on summary conviction—

And so on. The amendment puts the onus on the person who has the product for sale or is disposing of such product within the regulated area. The responsibility is placed upon him to show proof as to whether or not the product originated in or outside of the regulated area.

Mr. NEILL: Could the minister explain the term "determination"?

Mr. LAPOINTE: Possibly it would be better to do so in committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

Sections 1 and 2 agreed to.

On section 3—Payments authorized.

Mr. YOUNG: I should like an explanation of this section.

Mr. WEIR (Melfort): In connection with a scheme placed before the dominion marketing board and passed by the governor in council one of the features would be a small levy charged for operating expenses of the board. However until the scheme had been in operation for some time no such fund would be set up, so this is to provide money to finance the board's expenses.

Mr. YOUNG: The local board?

Mr. WEIR (Melfort): Yes, operation of local boards. This section has been put in to eliminate any doubt which may have existed in the act. It is not a fund established for purchasing or selling any product.

Mr. YOUNG: What expenses are local boards likely to incur?

Mr. MOTHERWELL: Will these loans be returned?

Mr. WEIR (Melfort): It is the intention that the loans shall be returned. In an initial operation it may be that there would be office and travelling expenses.

Mr. YOUNG: Organization expenses?

Mr. WEIR (Melfort): No.

Mr. YOUNG: Propaganda?

Mr. WEIR (Melfort): No.

Mr. MOTHERWELL: Just setting up shop, as it were.

Mr. WEIR (Melfort): Yes.

Section agreed to.

On section 4—Equalization of returns.

Mr. MACKENZIE (Vancouver): What is meant by the expression "equalization to any extent as between the producers"?

Mr. WEIR (Melfort): I believe the explanation I gave before covered the point. I discussed a possible condition in the dairy industry. If the price of a dairy product, due to any cause, became out of line with the world market price and the producers in another branch of dairying transferred their product to that part receiving the greater price, the quantities would be increased and the world market price would be reduced. The fund set up would equalize returns for the product going into the other branch of the industry.

Mr. YOUNG: In the event of the price of butter declining does the minister contemplate the board having power to order certain farmers to stop making butter and to turn their milk into cheese?

Mr. WEIR (Melfort): No; it does not mean that at all. If the dairy industry decided that it was in their interests as a whole, a fund could be set up through a levy on the producers themselves to be used to assist the whole milk producers, if that product were lower in price than other commodities in the industry, so that it would be to their advantage to continue producing the product rather than switching to the manufacture of another article which would force it on the world market and lower the price. A great deal of work has been done in this connection and agreement reached so far as the dairy industry is concerned, but there is still considerable work to be done.

Mr. YOUNG: That would mean the regulation of production.

Mr. WEIR (Melfort): No; it has nothing to do with the regulation or restriction of production.

Mr. YOUNG: If the farmers producing butter found that the price was not satisfactory and determined of their own volition to turn their milk into cheese, this provides that they shall be bonused not to do so.

Mr. WEIR (Melfort): Yes, but they are not interfered with. They could go ahead and send their product to be manufactured into cheese.

Mr. YOUNG: But this contemplates putting a levy on all dairy farmers—

Mr. WEIR (Melfort): Equalizing.

Mr. YOUNG: —and using the money to bonus one class of dairy farmers to turn their milk into a certain product.

Mr. WEIR (Melfort): If they themselves so desire.

Mr. NEILL: This is somewhat after the Patterson scheme in Australia.

Mr. WEIR (Melfort): Somewhat.

Mr. YOUNG: They can put their milk into that product or not, as they choose, but they have no choice in regard to paying the levy.

Mr. WEIR (Melfort): Not if they agree that it is to their advantage.

Mr. YOUNG: Will no one have to pay if he decides not to?

Mr. WEIR (Melfort): They will, if the majority decide that it is to their advantage.

Mr. BERTRAND: This would mean that a certain levy would be made on milk producers and this levy would be set aside as a fund to be returned to the producers of cheese, supposing that to be the product affected. The minister says that this will be done provided the producers ask for it. This levy will be made and will be returned in some way to the producers of cheese or butter—let us say cheese for the moment. Take a certain district where a number of producers are in favour of such a scheme, others being opposed to it. Suppose the farmers were shipping milk to the dairies in the cities; would they be compelled to pay the levy, and how would they be made to do so? Would the levy be paid through the dairies, who would reduce their rates to the farmers, or would the dairies pay the money into the fund, or how would it be managed?

Mr. WEIR (Melfort): That would depend entirely on the provision of the scheme.

Mr. BERTRAND: Is any such scheme under way?

Mr. WEIR (Melfort): No such scheme has been approved, but a good deal of work has been done by the milk federation organization and also by the national dairy council. This scheme was also put before the dairy industry in Ontario, and during the past few months they have been bringing it before their cheese patrons, with the assistance of the provincial government.

Mr. BERTRAND: Would the stabilization fund be returned to all producers of a certain commodity, or would it apply only to exports of that commodity?

Mr. WEIR (Melfort): That would depend entirely on the scheme, whether it was decided to assist all producers or only the product for export. If it were decided to take the product off the market, all producers would benefit equally, just as if they were paid individually.

Mr. BERTRAND: I have asked these questions for this reason. Certain propaganda is going around in our district at the present time—I refer to the Ottawa valley. The farmers are saying that they are going to be bonused so much through a levy that will be made on their products and so much on the cheese they will export, and I am at a loss to know how it will be controlled. How will it be known that a certain quantity coming from a particular district is for export or local consumption?

Mr. WEIR (Melfort): The export shipments would determine that, but I do not get the point of the question. Before any such scheme would be considered by the marketing board its purpose would have to be set out very definitely, and every opportunity would have to be given the producers themselves to declare on it. Moreover, the details would have to be made clear. I am not in a position, however, to say what will be done until a specific scheme is put before the board on myself.

Mr. BERTRAND: Suppose this scheme were put into force, would it affect all the producers of cheese, for example, and all producers in one province?

Mr. WEIR (Melfort): It would depend entirely on the scheme.

Mr. BERTRAND: That is not quite satisfactory. The producers of cheese practically all operate under the same conditions. Take the manufacture of cheddar cheese, for instance; the producers practically all have the same conditions to contend with in any one province. Would the scheme affect the whole of one province or only a certain area? If the scheme is to apply only to a certain area we can readily see how the others will be affected.

Mr. WEIR (Melfort): I can only say that until the scheme is submitted no definite information can be given. There might be a dozen different schemes which hon. gentlemen here might have in mind, and until a specific scheme is submitted I do not see how I can give any further answer. I regret that I cannot.

Mr. YOUNG: Perhaps we can understand this better by taking a concrete case. Suppose the farmers supplying fluid milk to Ottawa are not satisfied with the returns; then, if I understand this scheme, they can come together and agree that if ten per cent of their number cease shipping fluid milk into Ottawa and turn their milk into cheese they can get that scheme approved and make a levy on all the farmers supplying fluid milk to Ottawa, on all those making butter and cheese, in order to bonus that ten per cent to make cheese instead of selling milk in fluid form.

Mr. WEIR (Melfort): That would be a very limited application of the scheme. Personally, I do not see how a scheme of that kind would ever be submitted, because it would have a tendency to increase the number of farmers who would be shipping whole milk to Ottawa, so that they would affect the market in the hope that they likewise would be subsidized if they went into cheese. My own impression is that such a scheme could not be carried out unless it took in the whole of the dominion. The basis of the scheme is that the whole dairy industry in Canada outside the local farmers themselves would have to be taken into this before it could be made effective.

Mr. YOUNG: Let us carry the case one step further and say that all the farmers in Canada who are selling fluid milk in the cities are not satisfied with the price they are getting; then they shall be permitted to levy a tax on all the dairy farmers, those who sell fluid milk, those who make butter and those who make cheese, in order to bonus a portion of those who now sell fluid milk so that they will make cheese instead.

Mr. WEIR (Melfort): The whole milk producers themselves would not submit such a scheme because they would have no authority —that is the basis of the marketing act—to make a levy on any person outside themselves.

Mr. YOUNG: If the scheme is approved, they can.

Mr. WEIR (Melfort): The scheme could not be approved because they could make a levy only on those agreeing to it or those that are taken into the scheme a majority of whom vote for it.

Mr. YOUNG: Will the minister take a concrete case and show what would happen and how they would bring it about?

Mr. WEIR (Melfort): The hon. member for Weyburn is asking a very far-reaching question.

Mr. YOUNG: It is a far-reaching bill.

Mr. WEIR (Melfort): Yes, it is far-reaching, but the hon. member will be fair enough to admit that I could not be expected here to outline in detail a scheme for the whole dairy industry of the dominion. That would be done by the producers themselves, and in fact they are working on it through their organizations. But what I endeavoured to tell the hon. gentleman was this, that if all those engaged in the distribution and sale of fluid milk to the cities throughout the whole dominion agreed amongst themselves that, because they were not getting a sufficient price for their milk, they would make a levy on all those sending it to the cities and would use that fund to subsidize a certain number of those supplying whole milk to the cities to go into the manufacture of cheese or butter, that would induce others to send whole milk to the cities as well, and any such scheme to be effective should have the support of practically the whole dairy industry of Canada.

Mr. BROWN: Does the minister not think it would be time enough to introduce a bill of this kind when he can give us some definite scheme showing how this would be brought about?

Mr. WEIR (Melfort): The scheme that is being considered at the present time—and perhaps that is what the hon. member has in mind—is of this nature: the fact that the creameries or those who are engaged in the production of butter get a price for their product that is above the world price and very considerably above it throughout the year because we are on an export basis for only a short period, has the effect that those farmers who have been sending their milk to the cheese factories have had a tendency to turn from sending their milk there to sending it to the creameries. Coincident with that the whole milk farmers who send their whole or fluid milk to the cities have also been getting a price out of line with that which the farmers get who send their milk to the cheese factories. The result was that many farmers who had not before considered sending their milk to the cities commenced doing so, the effect being that the price of the whole milk going into the cities was very much broken. The government of Ontario found it necessary to set up a milk board to see if in some way they could not regulate the fluid milk that was going into the city markets, and similarly the government of Quebec carried on a very extensive investigation into the sale of fluid milk in the large cities of that province because many more people were wanting to avail themselves of that market owing to the comparatively low price of cheese in comparison with that of fluid milk. Those engaged in the dairy industry realized that if that condition of affairs were to continue, it would be impossible for any provincial board to enforce legislation that would prevent a farmer across the line fence from taking advantage of the same market that his neighbour was taking advantage of.

Similarly, in connection with butter, if great numbers of farmers were to send large quantities of whole milk to the creameries instead of to the cheese factories, the result would be that the increase in the production of butter would be such that we would be on the export market for butter. The effect would be, that the price of butter would come to the world level. Cheese would then have a premium over butter, and the result would be that the farmers would switch back to sending their milk to the cheese factories. The export of cheese would again commence with this obstacle facing it, however, that the market which they had established and enjoyed had been lost and perhaps their facilities disappeared because of what had been done. This is the problem which the whole dairy industry throughout the dominion has been grappling with for the past number of years. At one time, I think it was some three years ago, if we take the creamery industry alone, all but two of the large creameries agreed that they would make a levy among themselves to take care of the surplus because it was a very small one.

The reason this bill is before us now and not waiting until a scheme has been submitted to the board or until it is felt a scheme should go into effect is, that the farmers themselves, those who send their milk to the creameries and those who sell their whole milk to the cities, have got together and have held a large number of meetings throughout the country. But the difficulty is this, not to regulate the market as to cheese, but to equalize the whole dairy industry. That is why this amendment is being introduced; it is to deal with such a scheme as that, and I am taking the dairy industry as an illustration.

Mr. DUFF: How does it affect the consumer?

Mr. MOTHERWELL: The minister has used dairying as an illustration. I would infer from that that any commodity, most of which is consumed in the domestic market and a very small part of which goes into export, could be brought under this legislation. I wonder whether the Justice department has had anything to do with the drafting of this bill, because for the life of me I could not make anything out of it; and after hearing the minister's explanation I am not sure that I know very much more. The way this bill is drafted, it seems to be a fearful tangle. It may apply to many commodities but none are mentioned in this bill. From the reply which the minister gave to the hon. member for Comox-Alberni (Mr. Neill), it appears to be equivalent to what was and I believe is still called the Patterson plan in Australia; that is a levy was put on all the butter made in that country for the purpose of taking care of the loss on the export. They applied that to Canada and Canada did not like it, with the result that we imposed a dumping duty and kept Australian butter out of this country. Is my hon. friend not afraid that if he starts any monkeying like this with any other countries importing butter, they will object just as we did and put a dumping duty against ours? I do not believe the minister is satisfied with the way in which he is launching out on this new venture for Canada. It is a mighty uncertain sea that he is launching on; I do not see where he is going to land and I do not think he does himself. Surely further words can be used that will better express what he has in mind so that others besides himself and his staff will understand. For my part I did not and do not know yet as this section is drafted, what it means. If the Justice department understands what it means, if it is working out a Patterson plan to apply to anything of which we only have a small export surplus, it should say so rather than leave us to guess what it is to apply to. Could it be made a little plainer?

Mr. WEIR (Melfort): This was drafted by the Justice department. It was felt that any person could understand it. I do not see how we could make it any simpler.

Mr. MOTHERWELL: It is too simple for me.

Mr. WEIR (Melfort): One point the hon. member has made is that one of the conditions would be to remove something from the domestic market and thus get into difficulties in the export market. It might be that there would be no export, that it would be simply to encourage in the domestic market one of the allied products that could be consumed locally.

Mr. MOTHERWELL: Is there any relation between this and the million dollar stabilization fund provided in the supplementary estimates for cheese, I think it is?

Mr. WEIR (Melfort): A scheme could be brought in under that, but I think the hon. member will agree that it will be more satisfactory to leave the item in the estimates.

Mr. MOTHERWELL: But is there any relation between the two?

Mr. WEIR (Melfort): There might be. For example while a scheme was being contemplated the fund in the supplementary estimates could be used, not by the board, but to equalize the market while that was being done. No one realizes better than the hon. member what a large undertaking it is, but those engaged in it are hopeful of success and have met with very fine support from one end of the country to the other. They have been working on it for months.

Mr. MOTHERWELL: Is this from Mr. Fraser of the national dairy council?

Mr. WEIR (Melfort): No, the Justice department and our own officials.

Mr. MacINNIS: I am not a farmer but perhaps I might clarify the situation. Was this principle not in effect in British Columbia for a short time, under the Fraser Valley Products Marketing Act, passed during 1928 or 1927, until it was declared ultra vires?

Mr. WEIR (Melfort): They had a pooling plan but not a scheme such as this. As a matter of fact the Fraser Valley is operating under the marketing act at the present time.

Mr. MacINNIS: Was this principle accepted?

Mr. WEIR (Melfort): It was accepted by them.

Mr. MacINNIS: I think this is what they wanted.

Mr. YOUNG: I have the figures before me of the prices paid certain farmers in certain districts. Those supplying milk to the city got $1.50 per one hundred pounds, while those who did not send it to the city but to the cheese factory got 61 cents. Will the minister tell us how he is to equalize that under the scheme?

Mr. WEIR (Melfort): Equalization to any extent depends on the scheme submitted by the producers themselves. It is the producers who submit the scheme. It will be examined by the dominion marketing board; if they think any changes desirable they will recommend them to the producers for their consideration, and when the scheme meets with the approval of the dominion marketing board and the producers who submit it, it will be placed before all the producers and explained and they will vote on it.

Mr. YOUNG: Is it contemplated that the farmers who sell their milk in fluid form, those who send it to a cheese factory, and those who send it to the creamery or to the drying plant shall be got together from all over the dominion and agree on how the market shall be apportioned between the various groups?

Mr. WEIR (Melfort): No, there will be no apportioning of the market. What has been done for the past six or eight months is getting in touch with farmers sending their cream to the creameries or their milk to the cheese factories or the cities, and this is one of the difficulties they have run into. There will be no apportionment so far as the number of farmers who will send their milk or cream to the different outlets is concerned, but they will themselves work out what assistance shall be given to one branch to equalize it with the others so that the market will not be slipping from one to the other and breaking the whole market.

Mr. YOUNG: If it should appear that farmers sending their milk to the cheese factories are more prosperous than the others, does this scheme contemplate taxing those farmers along with the others in order to induce more farmers to go into that particular branch?

Mr. WEIR (Melfort): That would depend on whether or not the farmers who were more prosperous felt that their prosperity would be endangered if some steps were not taken. They themselves would be prepared to take steps to equalize in order to keep further products from coming in and competing with themselves.

Mr. YOUNG: Those in the less profitable branch are going to be taxed to invite other people to come into their business, if I understand this scheme.

Mr. POULIOT: I suggest to the minister the initiation of propaganda to prevent any more hard cheese being manufactured—only soft cheese. It would be good for the farmers to cease producing butter if this legislation is passed, and having no butter to butter their bread they should have soft cheese to take its place, if this legislation is as good as the minister says it is. I have been listening to him very carefully since I came in about fifteen minutes ago, and I understood nothing at all of what he said. Moreover the hon. gentleman did not seem to understand himself what he was explaining. What is the use of marketing schemes when there is no sale? The prices of butter and cheese are low because the farmers have no market; everyone knows that. Here we are changing a definition, a definition which is not a definition, because the laws are always well drafted in the Department of Agriculture as in other departments. It is a description; here it is: "Natural product" includes animals, "meats"—well, that is part of an animal—"eggs"—they are the product of an animal.

Some hon. MEMBERS: A bird.

Mr. POULIOT: Well they are produced by an animal with two legs, two wings and feathers. Then, "wool"—wool has to be clipped from an animal—"dairy products, grains, seeds, fruit and fruit products." That is not very clear. Wine is a fruit product. Then:

> —vegetables and vegetable products, maple products, honey, tobacco, lumber and such other natural products of agriculture and of the forest, sea, lake or river and such article of food or drink wholly or partly manufactured or derived from any such product, and such article wholly or partly manufactured or derived from a product of the forest as may be designated by the governor in council.

That drafting is absurd. I have often complained about the wrong way legislation is drafted. It includes everything and includes nothing. You find in that the land and the sea, and the sky is the limit. It is a constellation of products. They try to include everything in a few words in order to be able to tell the farmer: We are the saviours of this country. If you are living now you owe it to us. We have control over hens, and their products—I mean eggs—and the sheep and their products—I mean wool—and everything on the land. We have control over all those things through the farm loan board. They loan the money and they have chattel mortgages on everything belonging to the farmers. It is state control of the farm industry by this government in that way; they have destroyed the credit of the farmers and now they have to loan them money.

There is something else I want to say about this legislation, which I call cocasse, a word for which there is no English equivalent. How many marketing schemes are there throughout this country in connection with animals? According to what the minister has stated, there are very few if any. In connection with meats I think there is one scheme, no more. If the minister says there are more I will go upstairs and check Hansard of the other day, when he said there were very few schemes. In Ontario we have the tobacco and apple schemes. The minister said the fruit and jam schemes were in force throughout Canada. There must be something else to sustain the hard working consumer of farm products; even an unemployed man cannot exist on jam and fruit only. That is a hard diet. Sometimes it is prescribed by doctors, but that diet does not include the fruits grown in Canada; that diet contains oranges, which are not grown under the supervision of the Minister of Agriculture. Everyone is "jammed" by this legislation. Eggs are still mentioned in this definition, although the minister knows very well that the prairie provinces voted down a scheme in connection with eggs. But this act does not apply to eggs only; hens and roosters come under it as well.

There is no scheme for wool. What about dairy products? The minister is trying to do something to increase the production of cheese, which will have the effect of decreasing the production of butter, so he will go from Scylla to Charybdis. There is more than that, sir. I find it most absurd, and I take the liberty of telling you so. What will be the price of butter if a scheme is put into force in connection with that product? Is the minister able to tell the committee what will be the exact price of butter the day the scheme comes into force and what will be the prices one month and two months later? During the campaign the Prime Minister said, "You will sell your butter for sixty cents a pound as soon as I come into power." Is the minister bold enough to repeat what the Prime Minister said? No, sir; if he does he will be laughed at. This is an awful mess; that is all there is to it.

Now, sir, we come to grain, and I hope I will get some information in this regard. Then there is seed, in connection with which there is no marketing scheme. So far as grain is concerned we have only the mysterious wheat board, but that is entirely different. It is something Special; it is in a class by itself and no one knows much about it. The minister has said that schemes in connection with fruit and fruit products are in force in all the provinces, and the other day the Minister of Agriculture said that in the good old province of Ontario there was a scheme in force with regard to apples. Then we come to vegetables and vegetable products. There is a scheme in operation in connection with potatoes. That is in eastern Canada; the western provinces do not care for a scheme for marketing potatoes. I wonder if that scheme has been successful in the east up to the present. I know the farmers complained that they were not able to sell their products for a very long time. There is no scheme in force in connection with maple products, or in connection with honey. In Ontario there is a scheme in operation in connection with flue cured tobacco, and here I have something special to say. While the Ottawa agreements were being discussed in this house the Prime Minister said "You must increase your production." One member from Essex county—it was not you, sir, thank God—said that with the Ottawa agrements the farmers would increase their production of tobacco. What happened? The farmers bought large areas of land for the cultivation of tobacco and they sold more tobacco to England. Then the market became jammed; there was enough tobacco in England to supply the demand for many years. That is why prices have fallen. That is why we have seen the advertisements inserted in all the newspapers by the Imperial Tobacco Company recommending a reduction in the tobacco acreage. When the Ottawa agreements were being discussed the password and motto of the government was "increase production." Now if the hon. gentleman is ready to give a subsidy to those who have cheese factories I will not object, because I cannot object to the government giving anything to the farmers who are in distress. If on the other hand he recommends that they increase their production when there is no sale it will be a great mistake on his part. The policy with regard to tobacco, as with regard to other farm and natural products, has been a complete failure.

Now we come to lumber. Everyone knows that after the tariff was increased by this government the United States government imposed a duty of $3 per thousand feet on sawn lumber. That was a measure of retaliation that killed the lumber trade in Canada. Now the government say they will market the lumber. The only way that can be done is by coming to an agreement with the United States in order to have the duty of $3 removed, which will help clear the yards which

are still full of sawn lumber which has not been sold to the United States. Then the bill says:

—and such article wholly or partly manufactured or derived from a product of the forest—

Now we are coming to the pulp industry. The arrangement which was come to through the intervention of the federal government last winter was a failure. Then we come to the products of the sea. That includes whales and whale hot dogs. I can see the minister in charge of a lunch counter selling whale hot dogs.

Mr. MITCHELL: This bill does not control bologna.

Mr. POULIOT: I did not quite catch the remark. If the hon. gentleman said bologna I never heard of it before.

Natural product also includes "the product of lake or river and such article of food or drink wholly or partly manufactured." What astounds me, Mr. Chairman, is the thickness of the legislation which has been passed by this government. The trouble with it is that it is just as thick as fog; no one can see clearly through it. Not only that, but if you have read the morning paper, sir, you must have seen an interview given by a very distinguished New Zealander saying that the trouble in these times is too much legislation. The individuality of a man exists no more. Men are told through the legislation enacted by this government to lean on the government all the time. The government is too light a crutch to support the people of this country and they fall down. We have too much of this kind of legislation.

I wish to take this opportunity to make a formal protest against all the legislation which has been enacted by this government since 1930. I am against every bit of it. Even if my name does not appear in the votes and proceedings as voting against it, I am against it, and if I had been in the house the other day when the price spreads legislation was submitted I would have voted with my hon. friend from Weyburn (Mr. Young) against it. I am against it through and through because it is insipid and stupid. It is just a bluff to deceive the people that the government are going to do this and that. But the government will not be judged by the future; they will be judged by their record. I am just back from my constituency where the farmers are in distress. They say: "We have never suffered as much as we are suffering now. What is the matter in Ottawa? Has the Prime Minister tender feet? Is he unwilling to have the general election and give us a chance to express our views on the insanity of the legislation passed since 1930?" The farmers gave me that message to give to the house. I cannot give it to the house at the moment because the house is not sitting, but I take this first opportunity to rise and give the message to the committee of the whole house.

Mr. WEIR (Melfort): Mr. Chairman, I would gather from the remarks of the hon. member for Témiscouata (Mr. Pouliot) that he is slightly opposed at least to some of the legislation passed by the present government during the last four or five years. Practically everything that he has said has been aside from this section. I would however make just one remark, and it is this. The test of whether this legislation is sound and of whether there was a need felt for it is the action taken by the producers themselves, and in criticizing the legislation my hon. friend can only be understood as criticizing those who have availed themselves of it as doing an unsound thing. The act will not have been in force for a year until next August, and as everyone knows, when you set up new legislation such as this it takes some time to get it under way. Yet in spite of that, there have been producers from one end of Canada to the other who believed that there was in this legislation something that they needed, especially under conditions such as prevail at the present time. The result has been that without any inducement on the part of government officials or the government itself we already have in operation fourteen schemes throughout the dominion, and the annual value of the products handled by these schemes at a conservative estimate is over $43,000,000. I think perhaps that is the best answer that I can give, that the producers from one end of the dominion to the other have felt that under present conditions there is in this legislation an instrument which they can use to stabilize their products and get the most out of them at the present time.

The hon. member also spoke of the poultry scheme in western Canada. I repeat what I stated here some three or four weeks ago that so far as Alberta and Saskatchewan are concerned the scheme carried over 60 votes out of every 100. The big objection to it came in the neighbourhood of cities, particularly in Manitoba but also in Saskatchewan and Alberta. We felt that that did not mean that they were against the marketing act but that there was a considerable proportion of the producers, quite a long way from a

majority of them, who were against some of the features of that particular scheme, and while they opposed it they are in favour of other schemes under the act. I did not intend to speak at this length, Mr. Chairman, because the observations of the hon. member were entirely aside from the section.

Mr. POULIOT: I wish to say only one thing in reply to the minister. I do not criticize those producers who have accepted marketing schemes, the eastern Canada marketing scheme for potatoes, for instance. The farmers there are in distress. They cannot receive anything even for the potatoes they have in their cellars. They told me that in Riviere du Loup, and very good farmers they were from the neighbouring parishes. It was a case of complete isolation for them. They could not sell their product, and of course if this helps them to get the potatoes out of their cellars they will be satisfied because the scheme cost them nothing. But the circumstances surrounding this legislation must always be considered. The potato trade has reached rock bottom. It could not be worse. The price received by the producers is not enough to pay even for the bags, and they have to insist that the bags be returned. Sometimes they make a loss on their shipments. Conditions were so bad that they accepted the potato marketing scheme, on the ground that conditions could not be any worse than they were. The minister suggests that the farmers who have accepted the eastern Canada potato marketing scheme are in the same position they occupied some years ago when they were receiving a reasonable price for their product. Then they were free to judge whether such legislation was worth anything or not, but now they are not free at all because they must get rid of their product. And, sir, it is most dangerous because if the farmers get nothing for their product they will have no incentive to continue to produce and we may come near to a famine.

The minister mentions meats. I want to say to him that on account of the policies of this government it costs a farmer several dollars to raise a young steer. The minister knows it. He knows personally about conditions in western Canada, but he does not know personally about conditions in eastern Quebec. A very industrious farmer in eastern Quebec, a man who was a medallist told me one day that the raising of young cattle meant a loss to him of $8. How can our farmers continue to feed the Canadian people at a loss like that? They get nothing for their potatoes; they get nothing for their butter. Cheese is now being subsidized. We are going along in that way, waiting for better times. Every one is very much afraid of the future, and if the farmer stops producing we will face two dangers. Either he will stop producing because of the low prices he receives, or there will be an increase in production if the giving of bonuses is not well controlled. That procedure must be followed with tact.

Then there are other matters about which one could complain. In eastern Canada we have many farmers who take pride in their stock and who have tried to obtain all available information by reading the publications issued by the department of which the minister is the head. They follow scrupulously the recommendations contained in those publications. What happened? As a matter of economy the number of inspectors and propagandists of the Department of Agriculture who were helping the farmers has been greatly reduced. Protests have been received by me from an association of farmers in my constituency. I forwarded their protest to the department, but the only answer I got was an acknowledgment from the minister's secretary. The number of propagandists is still infinitely smaller than it was in 1930 when the minister took charge of this department. These farmers in eastern Canada who are artists in their trade—and there are some in western Canada as well—wanted to have the propagandists on the job to give advice in the event of something going wrong with a growing animal. These men sent out by the department were in a position to give information about feeding and caring for stock. We find however that most of them have been taken from that work; the government have stated that this is an economy measure. The information I have from people who were taking advantage of the advice offered by these propagandists is that the money spent on their salaries was spent in a most useful way. To-day money is wasted on marketing schemes, but when only a few days ago I asked the minister to make a comparison between months when this act has been in force and corresponding months of the previous year, he said he had not the information at hand. If he did not have it at hand he did not have it at all, and if he has not that information certainly he cannot tell us that the act has been beneficial. That is a very easy thing to understand, sir. He has not the information. Here is the cure; no one has tried it; it may poison you or it may cure you. It is like le baume des montagnes vertes: Si ça ne vous fait pas de bien, ça ne vous fait pas de mal. Experiments—experi-

ments on a very large scale; experiments with the Canadian people; experiments with the unemployed; experiments with the farmers; experiments with farm products—they are experimenting all the time. I am surprised to find the Canadian people alive after all these experiments with an axe— the "axe" of wrong legislation. I hope the minister will be careful and that he will no longer suggest I am criticizing my constituents. I have never done so, because I am proud of them. I have no lesson to receive from the minister. I could meet him on any platform in eastern or western Canada and defend any stand I have taken in this chamber. Each stand I have taken has been logical and has not been as a result of prejudice. I have not made decisions after hasty consideration. My position has been taken thoughtfully first because I have considered all the facts and secondly because I was expressing the thought of my own constituents who know as much as the minister does about farming, if not more.

Mr. YOUNG: The minister has said something about making a levy to create a fund. Will he tell us how the levy is to be collected?

Mr. WEIR (Melfort): That is set out in the scheme; it might be collected in different ways.

Mr. YOUNG: It appears to me that a levy on every person engaged in a given industry would require a considerable staff for purposes of collections. Has the minister any idea how many people would be required or what machinery would be necessary to make collections?

Mr. WEIR (Melfort): In any scheme in which a levy has been collected I do not think any staff has been required. Collections are made through centres.

Mr. YOUNG: In connection with schemes now in effect levies are made on the goods as they are sold. But this is a scheme to levy on all branches of an industry, no matter how the products are disposed of. A special tax collecting system will be set up.

Mr. WEIR (Melfort): The method of making the levy would be indicated in the scheme and the necessary staff will be set up, if any is required. But collecting a levy even in the dairy industry would not require a very great staff because it could be collected through the centres where milk is marketed or processed.

Mr. YOUNG: Once a levy is made and the fund set up I do not think the minister said it was to be kept in reserve to be used when required. Is it contemplated that this levy shall go on forever?

Mr. WEIR (Melfort): That depends upon the scheme submitted by the producers. All these points are dependent upon the scheme submitted by the producers.

Mr. YOUNG: Is it contemplated that a scheme may be imposed, as was done in connection with the potato scheme, without first having a vote of the producers?

Mr. WEIR (Melfort): In the questions he asks the hon. member works from the supposition that the marketing board has contemplated the setting up of schemes. All the schemes in effect up to the present time have been contemplated not in the minds of the marketing board but in the minds of the producers themselves. I would not be in a position to say what was contemplated until a scheme had been submitted to the board.

Mr. YOUNG: Some schemes now in operation originated in the minds of some of the producers, and were put into effect before all the producers had had an opportunity to express their wishes. Could the same thing happen in the present instance?

Mr. WEIR (Melfort): Provision is made for all of them to express their wishes. Unless the dominion marketing board feels in view of all the circumstances the number requesting the scheme is sufficiently representative, a poll would be held or provision made for holding a poll later on. Where a poll was not held the dominion marketing board was satisfied that the wish had been expressed by a sufficiently representative number of persons. In some of these schemes, however, due to the harvesting of crops or because crops were about to be harvested, the urge was such that exception was made. That was done only after the board was satisfied that the desire of the majority of producers had been expressed.

Mr. YOUNG: I am afraid that those who would urge such a scheme as this would persuade the marketing board that the urgency is great enough to put a scheme into effect without taking a vote of those concerned. In that event the actual producers would wake up some morning to find themselves involved in a scheme in connection with which they had had no say.

Mr. WEIR (Melfort): I think the hon. member is unfair in his statements. I have one scheme in mind, the tree fruit scheme of British Columbia, which had been in operation for a season before a vote was taken. After that season of operation at least ninety-four per cent of the producers voted in favour of it. The last time we were discussing the Natural Products Marketing Act, when the estimates were before the committee, I indicated that in Nova Scotia the scheme was supported by a very great majority. The board is particularly careful, in connection with schemes such as this, to satisfy itself that they have the support of a sufficiently representative number of producers practically to voice the unanimous feeling of the producers themselves. If there is any doubt a poll will be held before any scheme is put into effect.

Mr. YOUNG: What power will the board have to enforce the collection of a levy it makes, supposing some producer does not want to pay?

Mr. WEIR (Melfort): There is power in the act; it is a collectable debt due the crown.

Mr. BERTRAND: The minister said a moment ago that the producers would have a chance to express their wishes. What opportunity will be given them, and how will they express their wishes?

Mr. WEIR (Melfort): In certain schemes it might be through organizations where there is a complete sign-up of those in the organization. In other schemes, because of the limited number, a register is taken of all producers and they are asked to sign the petition. In other instances, like the poultry scheme in western Canada, a vote has been taken. There, although a large majority were in favour of it, the board, because of its feeling that in connection with such a scheme, and to have it work out satisfactorily, there should be a very large majority—and as I say a majority was polled in two provinces —turned down the scheme.

Mr. BERTRAND: I am very much interested in the minister's declaration that in some instances they will sign up. Will the minister satisfy himself with respect to a certain list of producers who have signed up, having that list transmitted to his department, indicating that these people want to have the scheme?

Mr WEIR (Melfort): The board will satisfy itself as to whether or not the list is representative. In some instances men have been sent out to make a thorough check-up where there has been any doubt. The board is convinced that a scheme such as this should not be put into effect unless it is thoroughly satisfied that the scheme is in accordance with the wishes of the producers.

Mr. BERTRAND: At present there is a certain move in our district and recently I have met several directors of cheese factories. I was not aware that this scheme was under way but I am now finding out exactly what the situation is. I was told that the patrons of cheese factories were asked to sign a petition to the government requesting a bonus, and when I inquired as to what they had done they replied, "Oh, we all voted for the bonus." If this is to be the request to the department, if these farmers are under the impression that they are asking for a bonus when as a matter of fact what they will get is a levy, then I can assure the minister that this is not expressing the wishes of the farmers. This statement is the result of a personal contact I have had with the producers themselves, who so informed me.

Mr. WEIR (Melfort): What the hon. member has in mind, I think, is this. In Ontario the patrons of cheese factories held a number of meetings at which a scheme was put forward, not by any of the officials of the department nor by any officials of the dominion marketing board, but a scheme in which the provincial Department of Agriculture was particularly interested to the extent of advancing $10,000 to some of their officials to put the matter before the cheese patrons in that province; and the information received by the dominion marketing board after investigation would lead them to believe that this scheme was very substantially supported. We are informed that they thoroughly understood it. So far as the dominion department or the dominion marketing board is concerned, however, no part whatever was taken in the presentation of that scheme.

Mr. BERTRAND: I do not mean to say that the Minister of Agriculture, through his department or through any of his officials, has been spreading any such propaganda, but I did say that propaganda of the kind has been carried on. I am not prepared to say who is responsible for it, but I will find out over the week-end. At any rate, I will ask the minister to make sure that he does not inaugurate any scheme on petitions signed under conditions such as I have mentioned.

Mr. BROWN: May I ask the minister to be a little more definite in his statements as to the genesis of this bill. Did it have its

origin in his mind or does it come from the officers of the department, or has it come forward from the representatives of producers' organizations? If that is so, what organizations have made representations in favour of the move? Let us have more information regarding the origin of it.

Mr. MOTHERWELL: Or did it come over the ether waves?

Mr. WEIR (Melfort): It would be impossible to give an absolute answer to the hon. member. These amendments for the most part are the result of representations made by the producer organizations themselves. Some of them wished to have a scheme accepted and found that there was a difficulty under the act as it stood, and so they wished to have certain amendments. Others who had acts in operation desired to have certain matters clarified, and one of the sections was introduced for that purpose. Another had reference to schemes that had been under way in the hope that they could be financed until sufficient funds could be raised, but they got into difficulties which handicapped their successful operation. That is why the submissions were made to the dominion marketing board that loans should be provided, as the hon. member for Melville (Mr. Motherwell) so tersely put it, to set the house in order until funds came in to assist them.

Mr. BROWN: What organizations have made representations in this connection?

Mr. WEIR (Melfort): Some of the fourteen boards already set up, the national dairy council, the federation of milk producers and the whole milk association in Ontario and Quebec, who have been working on the dairy scheme, and also the tree fruit scheme in British Columbia. In addition to the fourteen schemes already in operation there are applications from twenty-six other organizations to take advantage of the provisions of the act, and in some of their schemes, when submitted to the board, it was found that certain changes had to be made.

Mr. MILLS: In western Ontario we have in operation what is known as the bean scheme. It has been considered to be operating to the detriment of the bean producers and I would ask the minister whether those producers will be consulted before being forced to market the 1935 crop under the marketing act.

Mr. WEIR (Melfort): There is provision for a vote by the bean producers.

Mr. POULIOT: I wish to make a correction. Possibly I made a slip and used the word "useful" instead of "useless," but my humble view is that this legislation is useless, and the general opinion will be in accordance with this statement. We hear about the wish of the farmers with regard to these schemes. The universal and unanimous wish of the Canadian people is not to vote for this or that scheme but to have a general election as soon as possible.

Mr. MILLS: I want to know whether these bean producers are going to be or want to be consulted under the marketing act. When these men came back and announced that they were going to sell the farmers' beans, beans were selling at the elevators at $1.58 for three-pound pickers. The marketing board set their price at $1.50 for one-pound pickers. It would not have been so bad if they could have sold their beans, but this curtailed the sales. Bean sales went down immediately and the bean producers in my county are in my opinion not satisfied with the bean scheme. What I want to know is whether the bean producers are going to be asked whether they want the 1935 crop sold under the marketing act.

Mr. WEIR (Melfort): I feel I answered the hon. gentleman's question before when I stated that there was provision for a vote if a vote was desired. The hon. member said that beans were bringing $1.50 a bushel. At what time was that? Was it at the time this scheme was set up or some years before?

Mr. MILLS: They were paying $1.58 at the elevators at Rodney when this scheme came into force, and the price was set at $1.50 for one-pound pickers at that time. The bean marketing board continued for about a month and failed to make sales. They threw up their hands and allowed the elevators to sell their own beans. All the marketing board is doing to-day is collecting a royalty of two cents on every bushel of beans sold by the farmers.

Mr. MOTHERWELL: That is spilling the beans.

Mr. MILLS: I would like to know whether these bean growers are going to be consulted as to whether this has to continue.

Mr. CASGRAIN: There will have to be a change of government.

Mr. WEIR (Melfort): The hon. gentleman is mistaken in thinking the bean producers are selling their beans under the control of the marketing act. They are not; they never have been.

Mr. FRASER (Northumberland): In justice at least to those within this chamber and outside of it, who, as I have stated on previous occasions, are engaged in the production of natural products in this country, the minister should let us know exactly what he has in mind as to what can be done under this bill. In order not to delay the committee, I should like to couple with that question a request to the minister, if I am in order, to break down the item of $1,000,000 which I presume is to be voted under the Natural Products Marketing Act. I do not wish to be misunderstood by the minister. My first question is: What does he believe can be attained under the extension or expansion or development of the Natural Products Marketing Act under Bill No. 117; and, second, will he kindly break down for the committee the item of $1,000,000 that we are now asked to vote under the same act? If I get a definite reply to those two questions, we may be able to proceed.

Mr. WEIR (Melfort): I would call the attention of the committee to the fact that we are not discussing the Natural Products Marketing Act as a whole; we are now discussing the amendment in section 4 of this bill.

Mr. FRASER (Northumberland): I thank the minister for his explanation. The fact is that it is just as clear as mud. We are discussing section 4 of Bill 117. Let us read the section:

> Section 4 of the said act is amended by adding thereto the following subsection:—
> "(9) Notwithstanding any provision of this act, any scheme of regulation may provide solely for equalization to any extent, as between the producers, of the returns received from the sale of the regulated product."

I am very sorry that the minister did not reply to my question, which gave him far more scope than it is my intention to give him at the present time. Will he kindly explain to the committee if this bill empowers the levying of, what shall I call it?—a tax upon the producers of a regulated product in order that the proceeds from that tax or levy may be distributed to equalize the price over all that branch of the productive industry, if it is cheese or whatever it may be? That is my direct question now.

Mr. WEIR (Melfort): It is the purpose of this amendment to give power to the producers themselves to do so, but not to levy on one producer to give to a producer who has not paid a levy.

Mr. FRASER (Northumberland): We have had this question over and over again. The minister states that it is to give power to a local board—and if I am wrong perhaps he will correct me—to levy a tax on all the producers in a certain industry. Am I right?

Mr. WEIR (Melfort): It depends on the scheme they submit.

Mr. FRASER (Northumberland): It gives power to levy a tax on the producers under a scheme in order that the proceeds from the levy should be distributed among the members coming under the scheme to equalize the price. Is that correct?

Mr. WEIR (Melfort): "To any extent," yes. There is no thought in this of fixing a price for the whole industry; there is no price fixing in it, but it is to stabilize the different branches of the industry if the producers themselves so desire.

Mr. FRASER (Northumberland): It seems to me that the minister confounds the issue. If there is no intention of setting a price, there certainly is an intention of equalizing the price.

Mr. WEIR (Melfort): That is correct.

Mr. FRASER (Northumberland): Therefore the producing members of an industry are going to be taxed so much per pound or bushel or yard or whatever it may be in order to distribute the amount collected under that tax to equalize the price over the industry. Is that correct?

Mr. WEIR (Melfort): The producers have that power in this clause.

Mr. FRASER (Northumberland): The minister says that the producers have that power. Let me make this statement again. When it comes down to the producers having the power, it is not a question of the producers; it will at any time in any industry, except those confined to an isolated territory, be a fact that only a small proportion of the actual producers in that industry will set the price because only a small proportion will vote. Those behind these plots—I like that word because it conveys more than anything else—and to use a phrase that the minister is quite familiar with, the supermen behind these plots, are the ones who first formulate the plot and, second, through ill-advised or inconclusive voting, carry an industry into it. Now it is impossible, whether it be in regard to cheese, milk, butter, apples, or vegetables, in any part of this country outside of definite areas devoted to isolated production such as tobacco, to get a majority of an industry in a position where they can vote. I should like that to be understood, because at the present

time under the Natural Products Marketing Act a vote is being taken to elect a member to the export board for 1935, to take the place of a previously appointed member who was an official in a department of the provincial government. The growers or distributors or those engaged in the apple industry had no vote as to whether or not they would accept an export scheme, but after a board has set up this scheme they say: "Now, gentlemen, we want to be good to you; we want you to see the ponies run, give you a chance for your money; so we are giving you a ballot." And they tell them on nicely printed paper what they are to do, sending three sheets with this ballot so that they will not make any mistake. They have the democratic privilege of voting to elect a member of a board in the formation of which they had no voice. Are we to continue taking away from the people of Canada the right to conduct their own business? That is what this bill is—a further restriction, of the right of the producers of Canada to conduct their own business. I am desperately in earnest about this thing, from the standpoint of the producer as well as from the standpoint of the Canadian citizen. I plead with the minister to realize what he is doing, because I do not think he does. He is placing in the hands of appointed boards under his department, without the approval of the industry—because it cannot be got—the right to administer, to direct, to control the activities of the Canadian people in regard to over fifty-five per cent of their total production. I am pleading here and I will plead on the hustings when I get a chance: the minister is divorcing from parliament and the responsible government of this country the control of over fifty-five per cent of our natural products. By section 5 he is placing in the hands of a selected board, not an elected board, the right to fine and imprison people if they do not comply with the regulations made by the board. My plea at this time is not a criticism of a piece of legislation, but the announcement of a principle. That is what we are fighting for, and I ask the committee to consider these things before they put through such legislation as this. I repeat that it cannot be done.

An hon. MEMBER: It will be done.

Mr. FRASER (Northumberland): If it is, it can be done only by force, by fine and imprisonment.

Mr. JACOBS: The big stick.

Mr. FRASER (Northumberland): You can do it only in that way, by taking from the Canadian people the rights our fathers fought for and which we intend to cherish, and placing them in the hands of selected boards not subject to the control of parliament. So far as we are concerned in this country a fascist state is being not only thought of but created by the present government. In the dire necessity in which they find themselves they are willing to sacrifice the Canadian people to remain in office if they can. It is going too far. I say to the minister, consider this: Never mind whether you are elected or not, or whether I am; that is not the question. The question is what policy we are going to follow. This amendment is another stab in the back for democracy among the Canadian people. And the minister goes a step further. In the supplementary estimates he asks this house to vote a million dollars; what for? To continue the methods used in attempting to put over the poultry scheme in the west, to continue paying everyone directly or indirectly, from members of parliament to street corner orators, to try to convince people that they should do things that the minister or people he picks up politically or otherwise think they should do. I say it is an insult to this House of Commons and this committee to ask for a vote of a million dollars to have people tell me how to run my business who do not know as much about it as I know myself. The Minister of Agriculture asks for another million dollars to be spent in the asinine way he spent $50,000 in the western provinces, in a wild endeavour by ill-advised people to get more eggs out of hens. What a demonstration in the last dying gasp of this government! We are asked to vote a million dollars under an extension and expansion of the marketing act to destroy democracy and individual and collective liberalism in Canada. I say it is the duty of members of this committee, whether they sit to the right or the left of Mr. Speaker, to stand in their places and vote against the expenditure of money in that way. It is wrong in principle, it is wrong under our constitution, it is wrong in practice and impossible of enforcement. I plead with the minister to consider where he and his ill-advised advisers are carrying the people of this dominion.

Mr. WEIR (Melfort): What the hon. member has said is far from being a denunciation of the government; he has equally condemned hon. members on the other side. His rhetorical references to the power to impose a penalty through the courts applies just as much to legislation concerning agriculture passed in this house during the time hon.

members opposite were in power as to that passed by the present government. The same clauses, practically word for word, were in other bills introduced and in force when hon. members opposite were in power. His statements as to the asinine way in which certain things are being done I think are best answered by himself in his use of words such as these. It is in keeping with his statements in the house two or three weeks ago when he worked himself up to quite a heat and said that he did not think the gentleman who is chairman of the marketing board, and on whom we had to use some persuasion to get to take the job, had ever earned $10,000 in one year in his life. I did not wish to comment on this at that time; I thought the hon. member was speaking with more enthusiasm than he realized, but I think he will be fair enough to-night to apologize to that gentleman whom he was attacking in his absence, trying to give the impression throughout the country that he was getting something beyond what he had ever received before. Practically all the hon. member has said is about taking away the rights of democracy and Liberalism and so forth, but as far as the clauses to which the hon. gentleman referred are concerned, similar clauses are found in similar legislation passed during the time hon. gentlemen opposite were in office. No power is taken from parliament, any more than power was taken away in the past.

Mr. FRASER (Northumberland): Just to enlarge on the remarks of the minister, Mr. Chairman, I am afraid that he has endeavoured to draw a parallel between two things that are entirely different. I do not think any hon. member of this house fails to recognize the necessity of rules and regulations in connection with weights and measures, grades, qualities and so on. I am quite sure that my colleagues on this side of the house agree that you must sell a pound for a pound, a barrel for a barrel and a bushel for a bushel. As I have said on previous occasions, I do not think any one will argue that you should be allowed to sell a cull apple for a good apple or that you should be permitted to put good apples on the face of a barrel and culls in the middle. I think every hon. member of this house is in favour of cooperation and assistance in every practical and possible way in the proper regulation and distribution of natural products. But, sir, that is not what is being done in this case. Under the weights and measures act, the fruit and honey act, and so on, regulations are framed stating that a standard is a standard, that a dollar is one hundred cents, that a barrel of apples is three bushels, that a case of apples is either 176 pounds or a bushel, or whatever it may be, that a No. 1 apple is a No. 1 apple, and that No. 1 butter means No. 1 butter. If I try to give you a counterfeit dollar bill of course there are laws in this country which will land me in the police court and eventually the penitentiary.

That is not what is being done in this case, however. We are not regulating; we are not setting standards at all. We are trying to coerce the producers of this country, by persuasion and with the expenditure of public funds, to do what is in the minds of men who may think they are supermen or who may think they know more than the others know. I say again, as I said before, that we tried to stop bootlegging in liquor in Ontario, and we failed. If you cannot stop bootlegging in liquor how are you going to stop bootlegging in cheese or potatoes? I plead with the government to consider what they are trying to do. I think they are being badly advised by gentlemen from one end of this dominion to the other. But the parallel drawn by the minister was by no means correct when he compared what is being done now to what is done under the criminal code or the other acts I have mentioned. There is no parallel. By this bill you are attempting to bring the natural producers under schemes that cannot be enforced, and let me say to the minister that if he could enforce them it would be the worst thing in the world for the basic producers of Canada. This idea has been tried out from Brazil to the Malay straits, and it has been found that you cannot force the buyer to pay a price that is higher than the market justifies. You cannot do that by all the agreements and plots and bills that any minister or any government can bring in. I think it is a wrong principle to ask this house to vote public funds to turn over to selected representatives on various boards to spend as they see fit, without having them under the jurisdiction of this house. That is what is being done, and that is what I am trying to point out. The minister's explanation was wide of the mark and his parallel was not correct.

Now I want to refer to another statement made by the minister in asking me to apologize. I have no apology to make to anybody.

Mr. WEIR (Melfort): I must correct the hon. gentleman. I did not ask him to apologize; I felt that it would be of no use to do so. I suggested that he should, but he has given his answer.

Mr. FRASER (Northumberland): I am glad the minister was able to see that it would be of no use to ask me to apologize, because I have no apologies to offer to anyone. What I said the other night I will repeat, because I believe it and the operation of certain schemes proves it. So do not think you are getting any apology out of me.

Mr. POULIOT: Referring to Hansard of May 31, in which a list of marketing schemes appears, I should like to take this opportunity of putting those schemes in order by parts of the country in order to show how many schemes are in force throughout Canada and in each part of it. That will be most useful for anyone who wants to study the accomplishments of the Department of Agriculture in the last five years and especially in the last few months.

According to the statement made by the Minister of Agriculture on May 31, in the Dominion of Canada there are only two dominion marketing schemes, the one in connection with fruit exports, dated September 8, 1934, and the other in connection with jam exports, dated April 10, 1935. Those are the only schemes which have dominion application; if I am wrong in that statement I will ask the hon. gentleman to correct me in due course. In British Columbia there are apparently six schemes, but if you analyze them you find that there really are not as many as six. First there is the red cedar shingle export marketing scheme dated October 16, 1934. Next is the tree fruit marketing scheme dated August 28, 1934. Next is the dried salt herring and dried salt salmon marketing scheme, dated October 22, 1934. Then there is the lower mainland milk marketing scheme dated January 1, 1935, which apparently is in force in only a portion of British Columbia. In addition there are two vegetable marketing schemes; first there is the interior vegetable marketing scheme dated March 4, 1935, and then there is the coast vegetable marketing scheme of the same date. The minister takes that one scheme and cuts it into two.

There are no schemes in the other western provinces, while in Ontario there are apparently four. First there is the flue cured tobacco marketing scheme dated October 26, 1934. Then there is the western Ontario bean marketing scheme dated February 1, 1935. Then, in addition to the dominion fruit export scheme, there is also a scheme known as the dominion apple marketing scheme, which apparently applies only to Ontario. Since the apple is a good Canadian fruit, I do not see the necessity for a dominion apple marketing scheme, especially for the province of Ontario when there is a fruit marketing scheme for the whole of Canada. In Ontario there are only two marketing schemes, for tobacco and beans. Eastern Canada has a potato marketing scheme, and that is all there is to it. There is very little in it, but what I am afraid of is that matters might get worse through more schemes coming into force.

May I point out one other thing. This kind of legislation is nefarious. Why? For several reasons, but especially for this reason: The federal Department of Agriculture was created in order to improve trade between the provinces. In every province there is a department of agriculture to look after the interests of the farmers of the province.

The CHAIRMAN: Will the hon. gentleman please discuss section 4?

Mr. POULIOT: Yes, I will discuss it right away and to the point. May I tell you, sir, that the principle of the bill may be discussed on every section of it? The section of a bill does not make it a different bill; it is the same bill.

The CHAIRMAN: The hon. gentleman has already been quoting from a debate which took place this session, which under the rules is not permitted.

Mr. POULIOT: I will take the trouble to read the whole section and explain my point, Mr. Chairman. I am sure you will understand it and fully agree with me that I am in order. Section 4 reads:

Failure to comply with orders—

The CHAIRMAN: The hon. member must be quoting from another bill. We are on section 4 of Bill No. 117.

Mr. POULIOT: Oh yes, dealing with the equalization of returns, but my error is of no importance because the bill itself is all wrong. I will read section 4 to show you how relevant my remarks were, and whether we are discussing section 4 or section 5 is immaterial because the whole bill relates to natural products. Section 4 reads:

4. Section four of the said act is amended by adding thereto the following subsection:—

"(9) Notwithstanding any provision of this act, any scheme of regulation may provide solely for equalization to any extent, as between the producers, of the returns received from the sale of the regulated product."

You see, Mr. Chairman, that it refers to other provisions of this act, and therefore I can complain of any exceptions. It is provided by this section that any scheme of

regulation may provide for equalization as between the producers of the returns received from the sale of the regulated product.

What is the regulated product? It is the product mentioned in section 1 of this bill. Therefore it is perfectly in order and perfectly pertinent for me to discuss that matter, sir, and you are fair enough not to deny that right to me. What I complain of in this section relating to equalization is that it is worded in such a way that no one can understand it. The whole bill is wrong from beginning to end; it is wrong with regard to all the natural products mentioned in section 1 of the bill. I submit that I am in order in discussing the sale of the regulated product on this or any other section of the bill, because they all refer to natural products; it cannot be anything else. I might complain of section 4 because instead of there being an equalization of returns there will be under this legislation a decrease of returns to the farmer who raises any one of the products mentioned in section 1 of this bill. I am strongly opposed to that. The minister is interfering with trade between the provinces. The government has killed the farmer's external trade, and now it proposes to kill his internal trade. I am strongly opposed to that, and particularly because it is done in a misleading way. It is done under the guise of helping the farmer, leading him to think that he will get some benefits from this legislation when he will get none at all.

Mr. MULOCK: Nothing but taxes.

Mr. POULIOT: Coming back to the point I was making a moment ago, trade between all the provinces was the main and only reason why the fathers of confederation decided that there should be a federal department of agriculture, in spite of the fact that there was to be a provincial department of agriculture in every one of the provinces then existing or to be created. Every province has now a department of agriculture to look after the interests of the farmers of the province in a parochial way, but the federal Department of Agriculture has in its charge the interests of the farmers of the whole country. The farmers of Nova Scotia have to look to the Minister of Agriculture for the possibility of marketing their products in the other provinces, and the same with the farmers of every other province of Canada. But as my hon. friend from North York (Mr. Mulock) interjects, all the farmers get out of this is taxes. The government is showing them the way. It is leading them to ruin in their domestic trade in natural products.

[Mr. Pouliot.]

Last year when I asked the minister for information respecting the decrease in the home consumption of farm products I got no satisfactory reply except this one, which I have already repeated in this house and which I shall repeat again if the session lasts much longer. It was that the Prime Minister was too busy listening to Russia and to Litvinoff to look after such things as our trade. That was the answer given by the Minister of Agriculture when I was speaking of this very same thing last year. If the Prime Minister is too busy to look after the home consumption of farm products because he is too much occupied in drawing inspiration from the communists of Russia and other parts of Europe—

Mr. CHAIRMAN: Order.

Mr. POULIOT: You may stop me from speaking, Mr. Chairman, but I have told the truth and I shall not further insist upon it.

Mr. FRASER (Northumberland): May I ask if it is the intention under section 4 and the preceding section to use part of the amount of money that is being voted for this equalization scheme or is the money for equalization to come solely out of the tolls collected from the producer?

Mr. WEIR (Melfort): The provision of this section is that if the producers submit a scheme on the basis of equalization of a regulated product, the whole fund shall be obtained under the Natural Products Marketing Act from the tolls that they collect; or it might be introduced under clause 9 of the act, and in that connection money would be supplied by the government.

Mr. FRASER (Northumberland): I would like to have this clear: Under clause 4 and preceding clauses is it not possible to use the money asked in this vote?

Mr. WEIR (Melfort): Which vote does the hon. member mean?

Mr. FRASER (Northumberland): Any vote. Is it not possible to use public moneys —I will refer to "public moneys" because I do not want to have any misunderstanding— to be distributed under the sections of the Natural Products Marketing Act and Bill No. 117—two different schemes—not only to assist the schemes, as has been set out in the bill and as has been done, but to hold for equalization purposes? Is that possible; is it provided for?

Mr. WEIR (Melfort): Money that is collected. The only way public money could be used would be through a combination with section 9.

Mr. FRASER (Northumberland): I should like to have a definite reply on the point because it seems vital in principle. I will see if I can put the question in clear language so that there can be no misunderstanding. Under sections 3 and 4 of Bill No. 117, amending the Natural Products Marketing Act, we find first that section 3 refers to the use to which public moneys may be put, and section 4 seems to cover—

Mr. WEIR (Melfort): I believe I can set the hon. member's mind at rest. I think he has been under a misapprehension. The money referred to in section 3 is not money for purchase or sale of goods but is simply a loan or advance to a local board to carry on until funds are collected, and it is to be repaid by the board. It is just for the operation of the machinery of the local board.

Mr. FRASER (Northumberland): I should like to repeat my question because I want to be clear on the point. I understand from what the minister has said that the only power given under section 3 is that of lending public funds to a board until such time as they collect from their members or producers the tolls for repayment. Is that correct?

Mr. WEIR (Melfort): Yes.

Mr. FRASER (Northumberland): Is it proposed that they re-collect the moneys that were advanced to promote schemes such as the poultry scheme of the western provinces?

Mr. WEIR (Melfort): No, that is a different thing altogether.

Mr. FRASER (Northumberland): It is a different thing; I quite agree that it is a different thing. But it is the expenditure of public funds for the promotion of schemes—not to be repaid—and granted for assistance. We had that out on the discussion of the $500,000 item. The next point is that you will start in the banking business and will help to finance these farmers until they get started. In other words you will advance the money as a government, or a department, or a bank—you will advance money under the local boards or organizations in order to facilitate and assist the development of schemes along the lines I mentioned before; is that right?

Mr. WEIR (Melfort): No; no money will be advanced under section 3 for the promotion or organization of schemes. That is already provided for. But there has been no provision by which money could be obtained by a board until it got under way.

Mr. FRASER (Northumberland): I am back to my original point. For the sake of argument, after a tomato board gets under way and before the producers under the scheme have begun to reap the benefits of the scheme—in other words until they have begun to receive funds from the sale of their product which, under the scheme, would of course according to the minister be greatly increased—the government is going to act as a banker to advance money to the local board until such time as their own revenues come in. Is that right?

Mr. WEIR (Melfort): Yes.

Mr. FRASER (Northumberland): My next question is this: It is clearly set out that the government undertakes to become banker for these local boards set up under the Natural Products Marketing Act, until such time as they collect from their own producers the toll per bushel or per acre or whatever it is set by the local board under the authority of the federal board. Until the funds come in the government is the banker. That is, they anticipate that they are going to receive a price or be able to sell the product and that the funds will come in. If they do not come in it will be the old story. The next question I wish to have answered is this: Is the government taking power under this bill to use public moneys for the equalization of the price of a natural product under any scheme, local or otherwise?

Mr. WEIR (Melfort): It might be so used, yes—by using section 9.

Mr. FRASER (Northumberland): This committee is to understand that we are taking one more step towards national socialism, or fascism, whichever you call it; we are going to take public moneys received from a sugar tax or some other tax and use it to equalize the price of cheese, hogs or something else. That is the way I understand the minister's answer. That, I believe, is the answer he intended to give and the answer justified by the bill. It brings us to this point: In Ontario, for instance, we are under a tomato scheme. We are going to can tomatoes under a local board. Canners will pay the price of the local board and if it is sanctioned by the federal board we will use public moneys or

public taxes to equalize the price of tomatoes in a certain area. But, sir, what happens in British Columbia or Quebec? They say, "We have no local scheme or local board, and we are going to sell our tomatoes to the canning factories at twenty-five cents a bushel." The price is stabilized at thirty cents in Northumberland county, or some other point in Ontario, and the government has power to use the taxpayers' money to equalize the price of tomatoes under a local marketing scheme in Ontario. Our far-seeing brothers across the Quebec border—I have seen it more than once; I have been through it, and it has cost me plenty of money—say, "Let these bright fellows in Ontario set up a local board; let them establish a price; let them go to the Minister of Agriculture and let him go to his federal marketing board. He will undoubtedly get the advice developed in an academic mind that the proper thing to do is to use public funds and equalize the price in Ontario." What happens to our bright boys in Quebec? They say, "No, we will sell our tomatoes to the canning factories at twenty-five cents, on the open market. We will do as we like on the open market." The canner can get tomatoes in the province of Quebec for less money than he can under a controlled scheme in Ontario, and the result is that the Ontario farmer loses the Montreal and Quebec markets. His French-Canadian brother is wise enough to keep his head out, of these asinine schemes. That is what happens. This is all new to the Minister of Railways and Canals, who is smiling at me. If it had cost him as much as it has cost me he would be weeping, not smiling.

I am telling you what happens. Let me repeat that if we attempt to do this we will disorganize production in Canada; we will not assist the producers, and we will complicate not only external but internal trade. I give the minister ample credit for having taken his advice from other than intimate officials of the department, but I must say to him that if he continues with these schemes he will disorganize not only internal production but internal distribution and will set up ultra-provincialism within the country. He is making a mistake, and I am pleading with him for that reason.

An hon. MEMBER: Tell him about potatoes.

Mr. FRASER (Northumberland): The minister knows all about potatoes; I told him two weeks ago that we dumped our potatoes because no one could force anyone else to buy something that he did not want. And that is what has happened in connection with more than one industry I am associated with. You cannot do certain things and you should not attempt to do them, and this committee should not be asked to vote the money of the Canadian taxpayers to do the impossible. That is my point. They should not be asked to do it because it is wrong. We should not be asked to vote public money in order to dislocate internal production and distribution and to set up ultra-nationalism in this country. If you attempt to do anything of the kind you will find someone a leap ahead of you. You cannot defy the law of supply and demand—and it is not laissez-faire. You must remember that this is not England where consumption predominates; we are in Canada where production predominates and we must have markets following the natural trend of trade, where individual brains are pitted against the brains of others. I repeat, it is not a policy of laissez-faire but the unswerving law of supply and demand, the survival of the fittest in business, if you like. We must follow that law in order to get rid of our production internally and externally. Once more I plead with the minister not to take public funds to do something that is impossible.

Mr. MILLS: In our country the only way the producers of beans have of marketing their product is through the elevator. Can the elevator do business as it has always done, disregarding the bean board at Chatham, which is doing nothing to sell beans? Must the people continue to send two cents per bushel of the producers' money for nothing? Can they ignore the bean board?

Mr. WEIR (Melfort): The producers are as free to sell individually as they have always been in the past.

Section agreed to on division.

On section 5—Failure to comply with orders or determinations or regulations.

Mr. LAPOINTE: I must register a protest against this section. I said last year, when the Natural Products Marketing Act was under discussion, all that I had to say as to the objections I have against the principle of the legislation, but section 5 of this bill makes still stronger the compulsory features of the legislation to which we object. What I object to more especially is section 14, which is being amended by section 5 of this bill, which is a departure from the ordinary principle that a man is presumed innocent of any offence until he is proved guilty. This is

a new feature altogether. Let me quote the provision:

(2) In any prosecution under this act or under any regulation it shall not be necessary for the prosecuting authority to prove that the product in respect of which the prosecution is instituted was produced within that part of Canada to which the scheme relates, and if the accused person pleads or alleges that the product was not produced within that part of Canada to which the scheme relates, the burden of proof thereof shall be upon the accused person.

What have we come to in this country under this legislation? First of all, farmers may be compulsorily brought under a scheme. The minister says that is only if they want it, but he explains that by saying that it is if the majority wants it, or if the dominion marketing board comes to the conclusion, without a vote, that there is a sufficient majority in favour of the scheme. In that event all the others who are not in favour of the scheme are compulsorily brought under it. Secondly, those who have not voted for it and who are brought under it by compulsion must obey the orders or even the determinations of the dominion board or of the local board or any regulation of the governor in council, and if they do not they will be fined $25 or $500 or go to gaol for three months, or they may be both fined and gaoled. And they are presumed guilty under this bill unless they prove that they are not.

Mr. CASGRAIN: As in Russia.

Mr. LAPOINTE: My hon. friend says, as in Russia, and he is right. These schemes of regimentation can be successful only under a dictatorship. That is the experience. Russia would never have been able to achieve even the small degree of success which she has with her quinquennial plan if she had not the Ogpu, that famous military police. And the same in Germany and Italy. It is the military arm that makes possible the regimentation of the German and Italian farmers under a bureaucratic system of control. But I claim that the Canadian farmers will not submit to it. It is against our mentality. An hon. member says, not in Quebec. Yes; I defy the government to force the Quebec farmers to come under such compulsion. It is against our traditions; it is against the mentality of our people and it cannot be forced. And why pass such bills, which are permanent? In the United States where they have enacted all sorts of laws during the last two years they have had at least the saving clause in all the preambles to the NRA legislation that it was only for the period of emergency that then existed, so much so that the NRA was enacted only for two years. It had to be extended this year for a few months, and everyone knows that President Roosevelt had difficulty in getting that extension. But these acts which this parliament has enacted have not the saving clause that they are to remain in force only during the depression, to meet an emergency; they are permanent. We are putting on the statutes of this country laws which are repugnant to the mentality of the Canadian people, and I agree with one hon. gentleman who spoke to-night, that we have had too many such laws during the last two or three years. I think the main work of the next parliament will be to repeal most of the legislation which has been enacted this year and last. I pray that my hon. friend will not insist on this subsection 2 which will force a man, because he is accused of having disobeyed an order of a local board, mind you, to bring witnesses and incur expense for the purpose of proving that he is not guilty. This should not happen in any civilized country; we should not have such legislation in Canada. I still believe those schemes of bureaucratic regimentation will not be successful in this country. Canadians will remain personalities, individuals; they will not become tools in a machine organized and controlled by some bureaucrat in Ottawa. So far as I am concerned I am going to vote against this section of this bill, and if it remains there, I will vote against this whole bill on third reading.

Mr. WEIR (Melfort): I have listened with great interest to the eloquent and heated remarks of the hon. member for Quebec East, his whole argument being based on one thing, and that is that the onus of proof rests on the individual accused. I take it that that is a fair summing up of the argument of the hon. member.

Mr. LAPOINTE: Part of it.

Mr. WEIR (Melfort): But perhaps the hon. member's memory is not just as good as it might be when he states that the introduction of such a section as this is the introduction of legislation such as they have in Russia, introducing sovietism into the dominion; and he particularly made an appeal to the people of his own province of Quebec in saying that they would not for an instant stand for such legislation.

Mr. LAPOINTE: I did not appeal; I made a statement.

Mr. WEIR (Melfort): I did not interrupt the hon. gentleman while he was speaking. He said that this legislation is altogether out of line with the mentality of the people of this country. Yet I have before me a number of acts, one of them passed in 1928 when I believe the hon. member for Quebec East was Minister of Justice in the former government. Surely at that time he would not have been responsible for voting for and perhaps responsible for his department sanctioning clauses that are practically exactly similar to this one.

An hon. MEMBER: Practically exactly similar!

Mr. CASGRAIN: Read them.

Mr. WEIR (Melfort): I appreciate very much the courtesy hon. members are extending to me in return for the courtesy I showed to the hon. member for Quebec East. They seem to be afraid something is going to be said that they do not wish to be said, but it is going to be said.

Mr. DUFF: Say it.

Mr. WEIR (Melfort): That is what I am endeavouring to do. The hon. member for Quebec East was Minister of Justice in 1928 when there was passed in this house a number of acts placing the responsibility or onus of proof upon the person who was accused of breaking the law. I read from the Fertilizers Act, amendments and regulations published by the instructions of the Minister of Agriculture in 1928. I will read in detail both the offences and penalties and also the particular section as it is parallel with the one which we have in this bill, and the one to which the hon. member for Quebec East has taken such very eloquent exception. This is from page 9, section 15 of the Fertilizers Act:

Offences and Penalties

15. Subject to the provisions of the next following section, any person who violates any of the provisions of this act, or of any regulation for which no other penalty is prescribed by this act, shall be liable on summary conviction to a fine not exceeding $100 for the first offence, and, for a second offence, to a fine of not less than $100 and not exceeding $200, and for every subsequent offence to a fine of not less than $200 and not exceeding $500, and in default of payment of any such fine to imprisonment for a term not exceeding thirty days.

16. Any person accused of selling, offering, exposing or holding in his possession for sale any fertilizer which does not comply with the requirements of this act or of any regulation hereunder, who proves that the fertilizer respecting which action is taken was bought by him directly within one year from a manufacturer or merchant domiciled in Canada, that if contained in a package said package was not opened, and whether contained in a package or not that the state of the fertilizer was not altered while it was in his possession, and that he had no reason to believe that the said fertilizer did not comply with the provisions of this act, shall, upon disclosing the name and address of the person from whom the fertilizer was purchased, the place where it was purchased and the date of the sale, be liable upon conviction for the costs of the prosecution only, and a prosecution may be brought against such last named person for violating the provisions of this act or any regulation within six months from the date of such disclosure and not later.

[Mr. Lapointe.]

Mr. GRAY: The minister will have to read a better act than that.

Mr. CASGRAIN: It does not say that the burden of proof is on the individual.

Mr. ELLIOTT: I utterly fail to see any parallel between the act the minister has just read and the bill now before the committee. In the first place may I just point out what has been alluded to by the ex-Minister of Justice (Mr. Lapointe), that this is part of an act that imposes penalties for offences that were not known or heard of at the time the act was passed. The minister and every other member of this committee will remember very well the protest that was made by members on this side of the house against placing in the hands of a board power to make a new criminal code. That is what was done. The government did not make the code quite strong enough, and they now propose to tack on to one of the most vicious portions of the act a clause which states that everybody accused is presumed to be guilty until he proves himself innocent.

Mr. GUTHRIE: No, it does not.

Mr. ELLIOTT: What else does it say?

Mr. GUTHRIE: Read it.

Mr. ELLIOTT: I have read it; it is before the committee, and it is one of the most iniquitous clauses that was ever put into any act.

Mr. GUTHRIE: It does not say that anyone is presumed to be guilty.

Mr. ELLIOTT: What does it say? It says:

If the accused person pleads or alleges that the product was not produced within that part of Canada to which the scheme relates, the burden of proof thereof shall be upon the accused person.

Mr. GUTHRIE: That does not say that he is guilty.

Mr. FRASER (Northumberland): Does the Minister of Justice agree with that himself?

Mr. GUTHRIE: There are many precedents for it in legislation passed by this house and some of it passed within the last two weeks.

Mr. FRASER (Northumberland): The minister agrees with it?

Mr. GUTHRIE: I think it is a reasonable clause.

Mr. FRASER (Northumberland): He endorses it?

Mr. GUTHRIE: How many times do I have to say so?

Mr. ELLIOTT: I will say to the hon. member for Northumberland that he should not ask anyone, let alone the Minister of Justice, to say more than once that he is in favour of a measure like this. When a man charged with the administration of justice to the extent the Minister of Justice is, says even once that he is in favour of a measure of this kind being imposed upon the farming community, the producers of this country, that should be enough. He argues that when I suggest that the man is presumed to be guilty until he proves his innocence, that is not a fair statement. I say that it is the only fair interpretation of this section, and I think I can convince the committee that it is. The first part of this subsection 2 reads:

> In any prosecution under this act or under any regulation it shall not be necessary for the prosecuting authority to prove that the product in respect of which the prosecution is instituted was produced within that part of Canada to which the scheme relates.

That is part of the charge. It deals with things produced within that part of Canada to which the scheme relates. To prove that should be the beginning of the crown's case. What is going to become of respect for law in this country if this kind of legislation becomes common? Under the marketing act there is power in these boards to create criminal offences, not offences for which the penalty is a fine of $10 for the first offence and $20 for the second, but a fine of $25 and not more than $500, or imprisonment for three months, or both fine and imprisonment.

Mr. HOWARD: Is this in Russia?

Mr. ELLIOTT: No; to be fair to Russia I do not think you could get anyone to put through such legislation as that in Russia now. That is proposed here. I know that when it is called to the attention of the Minister of Justice and the Minister of Agriculture and hon. gentlemen sitting behind them representing farmers who are going to be charged under this act—

An hon. MEMBER: Crucified!

Mr. ELLIOTT: —this section will be withdrawn. If a man is charged under this section he has to go into the box and prove that the product was not produced within that part of Canada to which the scheme relates. If he were charged with murder he would not have to go into the box until a case had been made out against him, and if there was any fair and reasonable doubt, the judge would dismiss the charge or withdraw it from the jury. Nobody knows that better than the Minister of Justice. But here is a charge of having done something with regard to one of the natural products of Canada, food, that is in his hands, and the onus is cast upon him to disprove the charge, not upon the crown to make out its case. It really is one of the most heinous pieces of tyrannical legislation I ever heard of. If the minister will not withdraw it, I move, seconded by the hon. member for Antigonish-Guysborough (Mr. Duff):

> That all the words in section 5 after line 15 be struck out.

Mr. GUTHRIE: This section as I read it is drawn upon the principle found in many statutes of this parliament. It is idle for the hon. member for West Middlesex (Mr. Elliott) or the hon. member for Quebec East (Mr. Lapointe) to speak of it as something monstrous. It merely places on the man who has certain goods in his possession the burden of proving where they came from.

Mr. DUFF: Does he not own the goods if he has them in his possession?

Mr. GUTHRIE: Possession of stolen goods is sufficient to convict a thief.

Mr. DUFF: That is different. That is cheap.

Mr. GUTHRIE: Mere possession of stolen goods is sufficient.

Some hon. MEMBERS: Oh, oh.

Mr. GUTHRIE: Well, I am not going to argue if I cannot be heard.

Mr. ELLIOTT: When a man is accused of having stolen goods in his possession does the minister suggest that the onus is on him to prove that they are not stolen goods?

Mr. GUTHRIE: The onus is on him to give an explanation, or he can be convicted on evidence that he is in possession of stolen goods.

Mr. ELLIOTT: It has to be proved first that they are stolen.

Mr. GUTHRIE: Yes, but the possession is enough. In this case possession without explanation is what has to be established. If the man cannot explain where the goods came from he may be liable under this section.

An hon. MEMBER: He grew them.

Mr. GUTHRIE: How do we do in cases under the excise and customs acts—

Mr. MULOCK: Or the Ontario Temperance Act.

Mr. GUTHRIE: —in which the burden of proof is on the individual every time? That is legislation by this parliament. What did we do the other day in connection with the Juvenile Delinquents Act? We put the burden on the person charged with immorality, and made it an irrebuttable presumption that they could not disprove. You will find it in the criminal code and other statutes. It is only a reasonable method for the enforcement of the act. If in the opinion of the house this act should be passed this is a most reasonable provision for its enforcement, not an iniquity or monstrosity at all. You will find similar provisions in statute after statute in this country.

Mr. LAPOINTE: I cannot believe that the Minister of Justice would compare the provision of the criminal code which he has quoted with this legislation.

Mr. GUTHRIE: Look at the liquor act, then.

Mr. LAPOINTE: Yes, or the stolen goods or the immorality that my hon. friend has spoken about. Since when has production, work, become a mortal sin or a crime? Because a man has in his possession an article which he has produced with his own hands, by the sweat of his brow, he has to prove that that article has not been produced within the district where that scheme is in force or he is guilty of a crime. It is absurd. First, he may not know that he has committed any offence. We are adding this to the legislation:

> Every person who fails to comply with any order or determination of the board or of the local board ...

[Mr. Elliott.]

—is guilty of an offence which may lead to his being sent to gaol for three months. How does he know, even if this has been published in the Canada Gazette or by public notice or in any other way, which is not being done under the act? But this man who does not know, because he has produced something in contravention of an order of a local board under whose authority he comes by compulsion, will have to prove that he is not guilty he is presumed to be guilty, and if he does not bring witnesses to prove that he is not he may be landed in gaol for three months. If the Minister of Justice thinks that is good legislation I cannot agree with him.

Mr. GUTHRIE: It is just as good as the section in the Fertilizers Act which provided that anyone who had in his possession fertilizer which did not come up to the standard laid down by the act should be penalized. Possession was enough. But the provision was made that he could excuse himself by showing that he had bought it from a reputable firm and had it in an unopened package.

Mr. HOWARD: That was to prevent fraud.

Mr. GUTHRIE: So is this.

Mr. FRASER (Northumberland): We have the spectacle to-night in this House of Commons of the Minister of Justice placing the farmers of this country in exactly the same class with some of the criminals—

Mr. GUTHRIE: No.

Mr. FRASER (Northumberland): Wait a moment.

Mr. GUTHRIE: I am going to interrupt, because I never said anything of the kind. I am not going to be continually interrupted and having language I did not use placed in my mouth. I resent that.

Mr. FRASER (Northumberland): Very well; I will use other language.

Mr. STANLEY: Tell the truth.

Mr. FRASER (Northumberland): If you listen for a moment you will hear it. The minister is going to class the honest producers of foodstuffs of this country with those who break the laws, such as the criminal code to which he referred to a few moments ago. These people are not criminals, but you are going to make them criminals.

Mr. GUTHRIE: I did not say they were criminals.

Mr. FRASER (Northumberland): I am saying they are not.

Mr. GUTHRIE: I say so too.

Mr. FRASER (Northumberland): The act is drafted to provide for criminals and criminal offences. Under this bill, not for breaking the criminal code, not for breaking a moral law, not even for breaking a civil law but for going contrary to some regulation of a local board, which may be unknown to the producers, a producer of a food product will have the onus placed on him of defending himself against a charge. Let me say to the Minister of Justice that if he thinks the farmers of the Dominion of Canada—not only the farmers of the province of Quebec—will like this legislation, within the next six weeks or two months he will find out most emphatically, by their ballots, that they are sick of the whole thing.

Mr. YOUNG: Mr. Chairman, as I understand it every person who fails to comply with any order or determination of the local board is subject to fine and imprisonment.

Mr. WEIR (Melfort): No, that is not correct of subsection 2.

Mr. YOUNG: The section reads:

> Every person who fails to comply with any order or determination of the board or of a local board or any regulation of the governor in council shall be guilty of an offence and punishable on summary conviction with a fine of not less than twenty-five dollars and not more than five hundred dollars, or to imprisonment not exceeding three months, or to both fine and imprisonment.

Under the amendments we are considering to-night one of the powers of the local board is that of levying a tax on the producers. If a man fails to pay that tax he can be sent to gaol. We give our city councils power to levy taxes on the people. If the people cannot or do not pay those taxes their property can be seized, but there is no power given the city councils to send them to gaol. Our provincial governments have power to levy taxes. If people fail to pay them or cannot pay them they cannot be sent to gaol. Here, however, we are giving a local board a power which we deny to our municipal or provincial governments, the power to send men to gaol if they do not pay levies.

Mr. WEIR (Melfort): A levy is a collectable debt; my understanding is that there is no provision for sending a man to gaol in default of payment.

Mr. YOUNG: This section distinctly says there is.

Mr. WEIR (Melfort): The specific case mentioned by the hon. member for Weyburn was that of a levy, and I do not believe there is any power here to place a man in gaol if he does not pay a debt or a levy.

Mr. GRAY: You can levy under the regulations.

Mr. WEIR (Melfort): The levies are made by the dominion marketing board only, so it would not be a regulation of the local board.

Mr. YOUNG: The section says, "any order or determination of the board or of a local board."

Mr. WEIR (Melfort): The levy is fixed by the dominion marketing board; it is not a regulation of the local board. Hon. members forget that these provisions are for the use of the producers themselves, so that the will of the majority may be enforced. Here is a very good example: Hon. members on both sides of the house have declared themselves in favour of orderly marketing. To have orderly or controlled marketing there must be some means of enforcing control, and the purpose of this section is to give this power to the producers themselves if they desire to use it.

Mr. FRASER (Northumberland): I should like to ask the minister a question arising out of the statement he has just made. The dominion export board came into being and received its authority under the Natural Products Marketing Act. I should like to ask the minister if within the last two months a telegram was sent from a certain office under the export board to a certain man in a certain town in the province of Nova Scotia—and I will name the town if the minister desires—stating that if he did not pay the levy on his export apples he would be fined? And did that telegram include a threat as to what would follow after the fine? Would the minister mind answering that question?

Mr. WEIR (Melfort): I have not that information.

Mr. FRASER (Northumberland): Better look it up.

Mr. YOUNG: Will the minister explain the meaning of the word b-o-a-r-d in the second line of section 14?

Mr. WEIR (Melfort): That means the dominion board.

Mr. YOUNG: Then what does "local board" mean?

Mr. WEIR (Melfort): The producers' board.

Mr. YOUNG: Then according to this section any person who fails to comply with any regulation of the dominion board or of a local board is liable to fine or imprisonment, and one of those regulations or determinations might be and will be the payment of a levy. In the light of that fact and according to these words in this section, how does the minister say these people cannot be sent to gaol for failing to pay such a levy?

Mr. WEIR (Melfort): The dominion board collects the levy through the local board.

Mr. YOUNG: But what I want to know is how the minister can claim that a man will not be sent to gaol for not paying the levy with this provision in the act.

Mr. WEIR (Melfort): My information is that the dominion board sets up a levy to be collected from the producers to carry out the provisions of their scheme; it is a debt, and a man may not be imprisoned for failure to pay that debt. In the statement he made the hon. member for Northumberland implied that this threat was contained in the latter part of a telegram that was sent to a certain individual in Nova Scotia. I have not that information at hand, but I doubt if that is a correct statement.

Mr. DUFF: Will the minister produce the information?

Mr. WEIR (Melfort): Yes, I shall be glad to.

Amendment (Mr. Elliott) negatived: yeas, 15; nays, 24.

Section agreed to on division.

Title agreed to.

Bill reported.

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

Wednesday, June 26, 1935

The house met at three o'clock.

REPORT

Third report of the standing committee on banking and commerce—Mr. Chaplin.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AIR MAIL

Mr. McINTOSH:

1. Were tenders recently asked for the transport of mail by air from Prince Albert, Saskatchewan, to Lac la Ronge, Saskatchewan?

[Mr. R. Weir.]

2. Were tenders also recently asked for the transport of mail by air from Prince Albert, Saskatchewan, to Ile-à-la-Crosse, Saskatchewan?

3. How many individuals or companies tendered for the service mentioned in question (1)?

4. How many individuals or companies tendered for the service mentioned in question (2)?

5. To whom or to what company was the contract for service mentioned in question (1) awarded?

6. To whom or to what company was the contract for service mentioned in question (2) awarded?

7. Was the contract in each case awarded to the lowest tender?

Mr. SAUVE:

1. Yes.

2. Yes.

3. 3 companies.

4. 3 companies.

5. Canadian Airways Limited.

6. Canadian Airways Limited.

7. Yes.

BARRINGTON PASSAGE BUOY SERVICE

Mr. RALSTON:

1. By whom was the contract for the buoy service at Barrington Passage held during 1934, and what was the contract price?

2. What was the work required to be done, the number of buoys and the rate per buoy?

3. Was the contractor required to clean and paint all can buoys and furnish all spar buoys including the iron work and stone anchor and pay for all paint out of the flat rate per buoy?

4. Has any change been made in respect to this contract for the period beginning July 1, 1935?

5. If so, to whom has the contract been awarded, and at what rate, and for how long?

6. Is the new contractor required to do all the work which was required under the previous contract, and if not what are the exceptions?

Mr. DURANLEAU:

1. Harold E. Crowell; $510 yearly.

2. Maintain 9 can buoys, 13 conical buoys, and 29 spar buoys; lump sum for the lot.

3. Yes, out of the contract price.

4. Yes, for period beginning July 2, 1935.

5. Albert W. Stoddart; $425; three years.

6. Yes, no exceptions.

RAILWAY RECEIPTS

Mr. GIROUARD:

1. What were the gross receipts of the Canadian National Railways in 1930, 1931, 1932, 1933, 1934, and in 1935, to date?

2. What were the gross receipts of the Canadian Pacific Railway during the same period?

Mr. MANION:

1. Canadian National system.

1930	$ 250,968,101
1931	200,505,162
1932	161,103,594
1933	148,519,742
1934	164,902,502
1935 (to June 21)	75,892,000

2. Canadian Pacific Railway.

1930	$ 190,100,272
1931	147,846,119
1932	123,936,714
1933	114,269,688
1934	125,542,955
1935 (to June 21)	53,339,000

GROSSE ILE, QUE., WHARF

Mr. FORTIN:

1. Was a contract awarded in 1930 by the Department of Public Works, to Messrs. Lemelin & Levasseur, or Henri Lemelin, J. A. Levasseur or Georges Bitner, for repairing, improving or constructing of a wharf or buildings at Grosse Ile?
2. What contracts were let, for what amounts and what were the names of the contractors, in connection with repairs, improvement or construction work done by the Department of Public Works at Grosse Ile?
3. What are the names of those who signed the said contracts?

Mr. STEWART (Leeds):

1. No.
2. (a) Contract for renovation and repairs to buildings at quarantine station let to Joseph Dorval on September 23, 1930, at $7,374.82; (b) Contract for repairs to wharf let to Lemelin & Brousseau on July 2, 1930, at unit prices amounting to approximately $7,756.
3. (a) Joseph Dorval, contractor, witnessed by J. E. Gravelle and Emile Dorval; S. E. O'Brien, for Deputy Minister of Public Works; N. Desjardins, secretary, Department of Public Works. (b) Lemelin & Brousseau, contractor, witnessed by Georges Bittner and Arthur Levasseur; S. E. O'Brien, for Deputy Minister of Public Works; N. Desjardins, secretary, Department of Public Works.

PENSIONS FOR THE BLIND

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I have received a wire from a local organization of the blind in British Columbia in connection with the grant of $50,000 in the supplementary estimates. They ask if this grant is to be regarded as separate from or a substitute for the enactment of legislation at this session.

Hon. E. N. RHODES (Minister of Finance): This is a special grant and has no reference to any other grant or vote. It is designed to assist the organization in liquidating the very heavy overdraft which they have at present.

Mr. NEILL: I should like to inquire of the Prime Minister (Mr. Bennett) if it is the intention to bring down legislation at this session to provide pensions for the blind.

Right Hon. R. B. BENNETT (Prime Minister): I promised that I would make a statement when I had an opportunity to prepare it, but that opportunity has not presented itself as yet. I hope to be able to make this statement to-morrow.

BURIAL OF SOLDIERS

On the orders of the day:

Mr. F. W. TURNBULL (Regina): I desire to ask a question of the Minister of National Defence. Is there any foundation in fact for a statement attributed to a Regina speaker by the Regina Leader Post of June 15, 1935, that five dollars was deducted from the pay of Canadian soldiers killed in action overseas in the great war to pay for the blanket in which they were buried?

Hon. GROTE STIRLING (Minister of National Defence): This story has been told before and has been denied on frequent occasions. The hon. member for Regina told me that he proposed to give me yet another opportunity for denying it. No such regulation was ever passed that I am aware of, and careful investigation of the records shows no foundation whatever for so heartless a story.

RADIO INTERFERENCE

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Does the Minister of Marine anticipate that he will be able this session, either by legislation or by regulation, to make changes giving power to inspectors to enforce the prevention of radio interference?

Hon. ALFRED DURANLEAU (Minister of Marine): The change suggested by the hon. gentleman would have to be made by legislation, and I am sorry to say we do not intend to propose any legislation to that effect this session.

PRIVILEGE—MR. GOTT

On the orders of the day:

Mr. E. J. GOTT (South Essex): The Ottawa Morning Journal contains an erroneous

article with reference to the section of country from which I come. I wish to take this opportunity, on a question of privilege, to refute that article. I have not the paper before me—

Mr. SPEAKER: The hon. gentleman cannot raise a question of privilege with regard to an article in a newspaper, relating to the matter he has referred to.

Mr. GOTT: I wish to correct the statement.

Mr. SPEAKER: I regret to say that the hon. member is not in order. The house would be busy listening to corrections of articles in newspapers if the hon. member could correct articles of this nature in this manner.

Mr. GOTT: Am I not permitted to correct an erroneous statement in regard to the section of country from which I come?

MARKETING ACT AMENDMENT

Hon. ROBERT WEIR (Minister of Agriculture) moved the third reading of Bill No. 117, to amend the Natural Products Marketing Act, 1934.

Hon. J. C. ELLIOTT (West Middlesex): moved in amendment seconded by Mr. Lapointe:

That Bill 117 an act to amend the Natural Products Marketing Act 1934 be not now read a third time but that it be recommitted to a committee of the whole house with instructions that the said committee have power to amend the said bill by striking out from section 5 thereof all the words after line 15 on page 2 thereof being the following:

(2) In any prosecution under this act or under any regulation it shall not be necessary for the prosecuting authority to prove that the product in respect of which the prosecution is instituted was produced within that part of Canada to which the scheme relates, and if the accused person pleads or alleges that the product was not produced within that part of Canada to which the scheme relates, the burden of proof thereof shall be upon the accused person.

He said: This question was debated at some length last evening and it is not my intention now to take up the time of the house repeating what was said then. I simply wish to move this motion, seconded by my hon. friend, the member for Quebec East (Mr. Lapointe).

Mr. WEIR (Melfort): I believe there has been a good deal of misunderstanding with reference to this subsection. The purpose of the subsection is very simple. In any regulated area where there is a regulated product—for example, the British Columbia tree fruit scheme operating in that province—the board passes certain regulations, one of which sets out that there shall be a small levy with respect to all fruit marketed; and the board, in the carrying out of its duties, makes this levy on all the regulated products marketed within that area. But if any individual in the area, dealer or otherwise, wishes to bring in a product from outside the area and to claim exemption from the application of these regulations, then in claiming this exemption he has to give proof that he has brought in the article from outside.

After careful investigation it is felt that the matter cannot be dealt with in any other way, because if this were not done and twenty per cent of individual farmers or dealers in the district simply stated that they would not pay or conform to the regulations, the board would have first to prove that the product was produced within the area, and in that event the whole act would fall down in that regard.

The reason for putting in this subsection is simply this, that those who wish to claim exemption from any of the orders or regulations within the area must give proof that the article is from outside, and an invoice would be the simple way of showing from where the article was shipped. In this respect this subsection is identical with the Fertilizer Act passed in 1928. If officials of the Department of Agriculture, in their work of inspecting the fertilizers that are offered for sale, find a dealer in possession of a fertilizer that is not up to standard or that is other than advertised, they proceed against that dealer, even though he may be guiltless of the offence, unless he submits proof as to the person from whom he purchased it and the fact that the sacks had not been opened or the material altered until the time of inspection.

That, I believe, is sound legislation, because otherwise the inspectors of the department, in trying to enforce the act, would be put in the impossible position of adducing proof themselves that the dealer had not been at fault. It has worked out well, and it is felt that there will be no hardship on any person. There is no crime involved. It is simply an exemption from the regulations or orders of the board. I believe practically every act of a similar nature that has been passed contains a similar clause.

An hon. MEMBER: Not the same.

Mr. WEIR (Melfort): In the Fertilizers Act the principle is exactly the same as it is in the bill before us. Those who have

given every consideration to this matter feel that if this subsection, providing that the man claiming exemption must, in order to get exemption, give proof that the product was produced within that part of Canada to which the scheme relates, is not included in the bill, it would be almost impossible to administer the scheme, because then the proof would be on the board as to the product of every farmer within the regulated area. I therefore feel it would be a serious mistake to wipe out this subsection which is felt by those administering the act to be so essential while working no hardship on any person whatever.

Hon. ERNEST LAPOINTE (Quebec East): The explanations given by the minister do not at all clarify the situation as to the advisability of this amendment. He says that those who claim exemption from criminal prosecution should bring forward the evidence that they are so exempt; he claims also that if this amendment is not inserted in the bill the officers of the department who want to prosecute—

Mr. WEIR (Melfort): Not the officers of the department, the local board administering the scheme.

Mr. LAPOINTE: He claims also that the local board or anybody that wants to prosecute under the provisions of this legislation shall have to show that the man who is prosecuted is not guilty. Neither of those positions is right. The man has simply to be left alone, and if officers of the department or members of the local board institute criminal proceedings against any Canadian citizen, they should bring forward the evidence that that citizen is guilty of an offence and not place upon him the burden of showing that he is not guilty.

The house divided on the amendment (Mr. Elliott) which was negatived on the following division:

YEAS

Messrs:

Ahearn	Duff
Beaubien	Euler
Bertrand	Ferland
Blair	Fontaine
Bouchard	Fraser (Northumberland)
Boucher	Girouard
Boulanger	Golding
Bourassa	Goulet
Bradette	Gray
Brown	Hall
Cardin	Hanson (Skeena)
Casgrain	Howden
Chevrier	Hurtubise
Deslauriers	Jacobs
Desrochers	King, Mackenzie
Donnelly	Lapointe
Mackenzie (Vancouver Centre)	Ralston
McKenzie (Assiniboia)	Reid
McKinnon	Rinfret
Malcolm	St-Père
Mills	Séguin
Motherwell	Stewart (Edmonton West)
Munn	Thauvette
Neill	Totzke
Parent	Vallance
Pouliot	Weir (Macdonald)
	Young—53.

NAYS

Messrs:

Arthurs	McGillis
Baker	McGregor
Barber	McLure
Baribeau	Maloney
Beaubier	Manion
Belec	Mitchell
Bennett	Morand
Beynon	Mullins
Bourgeois	Murphy
Bowen	Peck
Boyes	Perley (Qu'Appelle)
Bury	Pettit
Cahan	Porteous
Cantley	Quinn
Carmichael	Rhodes
Chaplin	Robinson
Charters	Sauvé
Church	Shaver
Coote	Short
Cotnam	Simpson (Algoma West)
Davies	Smith (Cumberland)
Dickie	Smoke
Dupré	Speakman
Duranleau	Spence
Ernst	Spencer
Gagnon	Sproule
Gardiner	Stanley
Garland (Carleton)	Stevens
Gobeil	Stewart (Leeds)
Guthrie	Stewart (Lethbridge)
Harris	Stinson
Hay	Stirling
Heaps	Stitt (Nelson)
Irvine	Stitt (Selkirk)
Johnstone	Sutherland
Kennedy (Peace River)	Swanston
Laflèche	Thompson (Lanark)
Larue	Tummon
Laurin	Weir (Melfort)
Lawson	White (Mount Royal)
Loucks	Willis
Lucas	Wilson
Luchkovich	Woodsworth
Macdonald (Kings)	Wright—90.
MacInnis	
MacMillan (Saskatoon)	

PAIRS

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

Messrs:

Anderson (Toronto-High Park)	Mulock
Anderson (Halton)	Factor
Barrette	Rhéaume
Bell (Hamilton)	Mercier (St. Henri)
Bell (St. Antoine)	Raymond
Bell (St. John-Albert)	Dubois
Burns	Butcher
Casselman	Howard
Cowan	Ilsley
Dorion	Verville

Duguay	Dumaine
Edwards	Elliott
Embury	Bothwell
Esling	Hanbury
Fortin	Fafard
Ganong	Michaud
Geary	Mercier (Laurier-Outremont)
Gordon	Fiset
Gott	Rutherford
Hackett	Perras
Hanson (York-Sunbury)	Veniot
Jones	MacLean
Kennedy (Winnipeg)	McIntosh
MacDonald (Cape Breton)	Urquhart
MacNicol	Rennie
McDade	Dupuis
McGibbon	Power
Matthews	Moore (Ontario)
Moore (Châteauguay-Huntingdon)	Dubuc
Perley, Sir George	Marcil
Ross	Roberge
Rowe	Lacroix
Ryerson	Taylor
Senn	Sanderson
Simpson (Simcoe North)	Jean
Spotton	MacMillan (Mackenzie)
Sullivan	Brasset
Turnbull	McPhee
Weese	Campbell
White (London)	Gershaw

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

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

Mr. MACDONALD (Cape Breton): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted, I would have voted against the amendment.

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

Mr. ESLING: I was paired with the hon. member for Vancouver-Burrard (Mr. Hanbury). Had I voted, I would have voted against the amendment.

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

Mr. BURNS: I was paired with the hon. member for Last Mountain (Mr. Butcher). Had I voted, I would have voted against the amendment.

Mr. MacNICOL: I was paired with the hon. member for South Oxford (Mr. Rennie). Had I voted, I would had voted against the amendment.

Mr. EMBURY: I was paired with the hon. member for Swift Current (Mr. Bothwell). Had I voted, I would have voted against the amendment.

Mr. MOORE (Châteauguay-Huntingdon): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted, I would have voted against the amendment.

Mr. SULLIVAN: I was paired with the hon. member for Gaspé (Mr. Brasset). Had I voted, I would have voted against the amendment.

Mr. TURNBULL: I was paired with the hon. member for Yorkton (Mr. McPhee). Had I voted, I would have voted against the amendment.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted, I would have voted for the amendment.

Mr. MERCIER (St. Henri): I was paired with the hon. member for West Hamilton (Mr. Bell)). Had I voted, I would have voted for the amendment.

Sir EUGENE FISET: I was paired with the hon. member for South Timiskaming (Mr. Gordon). Had I voted, I would have voted for the amendment.

Mr. MULOCK: I was paired with the hon. member for Toronto-High Park (Mr. Anderson). Had I voted, I would have voted for the amendment.

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

Mr. CAMPBELL: I was paired with the hon. member for Prince Edward-Lennox (Mr. Weese). 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 for the amendment.

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

Mr. VERVILLE (Translation): I was paired with the hon. member for Quebec-Montmorency (Mr. Dorion). Had I voted, I would have voted for the amendment.

Mr. JEAN (Translation): I was paired with the hon. member for North Simcoe (Mr. Simpson). Had I voted, I would have voted for the amendment.

Mr. ROBERGE (Translation): I was paired with the hon. member for Kingston (Mr. Ross). 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. Rhéaume). Had I voted, I would have voted against the amendment.

Mr. DUGUAY (Translation): I was paired with the hon. member for Bagot (Mr. Dumaine). Had I voted, I would have voted against the amendment.

Motion agreed to on division, and bill read the third time and passed.

FARMERS' CREDITORS ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 114, relating to the application of the Farmers' Creditors Arrangement Act, 1934, in the province of British Columbia.

Hon. IAN A. MACKENZIE (Vancouver Centre): When the Minister of Finance introduced this bill the other day I had occasion to make certain observations. This afternoon I desire very briefly to suggest why this measure should not be supported. I wish shortly to traverse the attitude of all parties with respect to this legislation when it was introduced by the Prime Minister (Mr. Bennett) a year ago. First I quote from the Prime Minister as reported at page 3640 of Hansard of June 4, 1934:

> That is perhaps as far as we can go, because there is some grave constitutional doubt as to the right of the federal parliament to interfere with contracts solely within the jurisdiction of provincial legislatures, under the head of property and civil rights. But as I have indicated we believe we have power to legislate.

My right hon. leader on that occasion, while supporting the legislation, also indicated that there might be doubt as to jurisdiction. He said, as reported on page 3641:

> I should say, however—and I base this comment in part on what the Prime Minister himself has said—that I hope the legislation introduced will not be of a character to raise false expectations in the minds of those whose interests it is intended to serve. I am afraid there may be obstacles as to jurisdiction; in fact the Prime Minister has himself hinted at that. Those obstacles may be formidable. It would be unfortunate indeed if by virtue of a measure now to be introduced farmers receive the impression that they are likely to obtain substantial relief, only to discover a little later on that, for reasons over which this parliament has no control, hopes have been raised which are false and cannot ultimately be realized. If there is any criticism of the measure on that score I hope the government, and particularly those in whose interests the measure is being introduced, will not feel that such criticism is directed against the objects of the measure but rather that it is in the nature of an effort to avert any disappointment which might serve to make the last state worst than the first and which might be prevented if matters are gone into carefully at the present time.

The act was, as I say, passed with the unanimous support of all members of this house. In fact when we discussed the measure in committee of the whole some very useful and constructive suggestions were offered from this side of the house.

The act was applied to the province of British Columbia on November 1, 1934, and as stated by the Minister of Finance when the bill was introduced, there have been effected fifty-eight settlements in that province. An action was instituted by the attorney general of British Columbia late in May, challenging the right of these boards of review to effect settlements between the province and its debtors. I might read the endorsement on the back of the writ, which I believe is returnable to-morrow, June 27:

> 1. A declaration:
> (a) That the defendants purporting to act as a board of review for the province of British Columbia under the provisions of the Farmers' Creditors Arrangement Act, being chapter 53 of the statutes of Canada, 1934, and amending acts and the rules and regulations passed thereunder, are acting without lawful authority, as the said act is ultra vires the parliament of Canada.
> (b) Alternatively, that the board of review is acting without lawful authority in assuming jurisdiction under the said act to formulate proposals and to make directions by virtue of which contracts and taxation powers and rights of the crown in the right of the province of British Columbia in relation to farmer debtors are in whole or in part abrogated and set aside.
> 2. The plaintiff further claims an injunction to restrain the defendants from purporting to formulate proposals or to give directions or to make orders involving contracts by the crown in the right of the province of British Columbia and its farmer debtors in relation to amounts owing under such contracts to the said province and in relation to moneys due or to become due from farmer debtors to the crown in the right of the said province in respect of any form of taxes, fees, rates or duties.

I rather gathered from the remarks of the Minister of Finance (Mr. Rhodes) the other day that there had been a lack of cooperation on the part of the provincial authorities with the boards of review and the officials administering this act in the province of British Columbia. I should like to place on the record an official letter from Mr. E. S. Davidson, senior official receiver for the province, which was written to the attorney general of

British Columbia on May 28, 1935, only about three weeks ago:

I called at your office to express the appreciation of the chief administrator of our act for the cooperation you had extended following the visit of Mr. W. R. Kinsman, K.C., in January last, by granting free publication in the British Columbia Gazette of notices, dispensing with law stamps on filings and fees in land registry matters, as well as the use of provincial buildings throughout the province for the holding of statutory meetings.

Further, Mr. Speaker, as briefly as possible I should like to refer to the affidavit in the action pending sworn to by the deputy attorney general of the province. He says:

2. That on the 12th of April, 1935, the Honourable T. D. Pattullo, premier of the province of British Columbia, wrote to the Honourable Edgar N. Rhodes, Minister of Finance for the Dominion of Canada, advising the said Minister of Finance that the government of the province of British Columbia took the position that the "Farmers' Creditors Arrangement Act" did not give any jurisdiction to the federal government to interfere in provincial crown contracts.

3. That by a letter dated the 8th day of May, 1935, the Honourable Mr. Rhodes replied to the Honourable Mr. Pattullo in part as follows:

"I note that you have been advised by the law officers of the crown they take the position that the Farmers' Creditors Arrangement Act does not give any jurisdiction to a commissioner to interfere with contracts relative to the sale of provincial crown lands.

"I presume your officers intend to assume that the board of review under the Farmers' Creditors Arrangement Act cannot alter, in any way, the terms of a contract entered into by the crown in the right of the province. I may say quite frankly that we assert the right, under the act, to deal with all contracts, including provincial contracts, but I trust that it will not be necessary to have any legal difficulty in this regard for I am certain that you are as anxious as anyone that there be a rearrangement, readjustment and recasting of agreements in default, on a fair and equitable basis. There can be very real cooperation in respect of agreements where the crown, in the right of the province, is concerned."

Then Mr. Pattullo replied on the 16th May, 1935, in part as follows:

We have thousands of such contracts throughout the province and from time to time adjustments have been made in accordance with conditions. We certainly cannot admit that any outside authority has the right to make adjustments in these contracts. This is a straight invasion of our territorial rights under the guise of the "Bankruptcy Act," and if admitted simply means that we are not free agents in the disposition of our crown lands.

Then there is a reference in the affidavit to the Copeland case which was cited by the minister the other day. Reference is also made in the affidavit to two other pending cases which so far, I think, are only in the nature of proposals, one that of John Hargreaves of Springfield in the county of Cariboo and the other that of William Smith of Vanderhoof, British Columbia. Now I wish to read paragraph 11:

11. That in my opinion the board is likely to formulate a proposal in the Hargreaves and Smith cases similar in purport to that of the Copeland case hereinbefore referred to.

12. That such interference and abrogation of provincial crown rights of taxation in the levying and the collection of land taxes, water rates and grazing fees—

In one case there is also involved indirectly the question of school taxation.

—and in the interference with contracts in relation to the sale and management of its crown lands will result in the non-payment of taxes and moneys owing to the crown by farmer debtors, many of whom have submitted proposals of similar import to those above referred to, to official receivers and to the defendants—

I further understand, Mr. Speaker, that since this disagreement arose a compromise offer was sent by those representing the dominion government to the city of Victoria, suggesting some concurrent action with regard to these difficulties. I wish to read now the reply of the Prime Minister (Mr. Bennett) to the hon. member for Macleod (Mr. Coote), given the other day when the question of school taxes was raised in relation to this very act. It will be found at page 3863 of Hansard:

I am bound to say that I was not aware of the difficulty to which the hon. gentleman refers. I shall, however, look into it. The dominion is no longer concerned about school lands, being only the trustees; the school lands are now beyond question the property of the province. But there are limitations with respect to investments, and I believe it would not be competent for us to do more than confer with the province—

I want to emphasize those words.

—it would not be competent for us to do more than confer with the province as to what action shall be taken. I will look into the matter and be able to make a more definite statement on Monday.

Mr. BENNETT: May I direct the hon. gentleman's attention to the fact that I was not dealing with school taxes; I was dealing with school lands, trust lands.

Mr. MACKENZIE (Vancouver): I gladly accept the correction of the right hon. gentleman but I suggest that the same principle applies to these objections which have been taken by the province of British Columbia.

Mr. BENNETT: I do not wish to interrupt, but I should like to tell the hon. gentleman, in order that he may not misunderstand what I said, that it will be recalled that in the transfer

of the resources to the provinces there was a special provision with respect to these lands. What I was trying to convey to the hon. member for Macleod (Mr. Coote) was that I did not carry it in my mind but that it was a very special provision and the lands were charged with the trust upon the effect of which I was not expressing an opinion.

Mr. MACKENZIE (Vancouver): I gladly accept the explanation of the Prime Minister but the point I am emphasizing is the idea of conferring, which was mentioned by the Prime Minister the other day.

Now let us come to this most extraordinary bill, one of the weirdest concoctions ever dished up in this house by a bewildered government. It says:

> On and after the 1st day of July, 1935, the Farmers' Creditors Arrangement Act, 1934, shall cease to be in force in the province of British Columbia except in the case of a proposal approved by the court or confirmed by the board of review before the aforesaid first day of July, and in the case of any such proposal the said Farmers' Creditors Arrangement Act, 1934, shall continue to be in force as if this act had not been enacted.

If I read the provisions of this proposed legislation aright it means that in regard to the fifty-eight settlements already effected, the legislation endorsed by this house last year is to be effective. That is, this parliament is going to say by this bill that the legislation now protested and contested, rightly or wrongly, by the province of British Columbia is still to be in effect in regard to those very cases which caused the dissension, but it is not going to be in effect with respect to any cases that may arise after the first day of July. So all these settlements may be rendered invalid if the provincial authorities of British Columbia choose to proceed with their litigation. If the province of British Columbia happens to win the dispute all these settlements may be declared invalid. Further than that the whole act will be declared ultra vires, because that is one of the declarations asked for in the endorsement on the writ, and though that would be only a declaration by the Supreme Court of British Columbia it would be very dangerous indeed to the whole existence of this legislation to which this parliament agreed a year ago. So this very legislation, which is introduced in a most peculiar fashion, which is sectional legislation, must have the inevitable result of threatening the validity of the statute right across the Dominion of Canada. I suggest that anyone who supports this bill, regardless of the dispute that may exist as between the provincial and federal jurisdiction, is helping to render invalid the operation of this act throughout the whole of the dominion. I suggest to the Prime Minister and the Minister of Finance that the government adopt the suggestion made by the Prime Minister the other day and enter into a conference, not only with the province of British Columbia but with every single province of the dominion, because there have been rumours of disputes in other provinces as well. I think this bill should be amended at the present session, not by the measure we have before us now but to provide that when any dispute arises between a board of review acting under the jurisdiction of the legislation of last year, and any provincial authority, there shall be a conference between the agent or representative of the provincial government in each case, and that settlement or terms be arrived at. I think that is the only way this legislation can be made effective. That is the only way it can really be made effective.

I am opposing second reading of the bill. I am afraid it is introduced in a spirit of petty, political pique against the government of a province. I am not defending that government; as a lawyer I believe the legal position they have taken is sound. But as one who supported the legislation last year, and as the legislation proposed is imperilling the future existence of the act I still appeal to the Minister of Finance to have the bill withdrawn and to have a real amendment passed which will render effective the legislation of last year and the intent of parliament.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member has made some reference to my observations of last year when this bill was before the house. If he would take the trouble to peruse what was said he would find that I did point out that the Supreme Court of Canada followed the decision of the judicial committee of the privy council in Leroux and the Royal Bank, and that that decision on the reference made in the preceding year on the Companies Creditors Arrangement Act was the foundation upon which we came to this house. We would have come to the house before with the legislation but until we had a decision from the Supreme Court of Canada as to the validity of the Companies Creditors Arrangement Act we did not feel that we should do so. The grave constitutional doubt had been resolved in our favour. The discussion was lengthy and took place over a considerable time. I did point out that the Supreme Court of Canada had followed the decision in the Leroux case, which was the

decision of the judicial committee of the privy council, as warranting the conclusion at which that court had arrived.

I recall many qualified practitioners were of the opinion that the Companies Creditors Arrangement Act was not within our competence, but after the decision of the judicial committee in the Leroux case, and its adoption, it was binding upon our courts and the validity of our statute was upheld. The position in this matter is simple, and I ask the hon. member, as a member of the legal profession, if he has any complaint to make with respect to this line of argument. First, there have been fifty-eight cases disposed of. The province attorned to the jurisdiction in that regard and raised no question as to the adequacy of the terms of the decision of the board of review, or whatever the case may be. At least that is the information which the Minister of Finance has, as was intimated to the house the other day.

I put this case to the house—a simple one: The government is anxious that all the provvinces should have boards of review deal with creditors' liabilities or farmers' liabilities to them as well as to all the other creditors. Although some of the provinces feel that there might be still some question, they have uniformly taken the view that it is desirable that this board of review, which is a judicial board, presided over in every case by a justice of the supreme court of a province—and that was the reason we provided for a justice in the act of last year—should deal also with questions that arise between the province and its creditors, in whatever way they might arise. In all the provinces this worked out satisfactorily; they have not complained. They have been glad to expedite and to assist in this arrangement. But in British Columbia they have launched a lawsuit and have asked that this act be declared ultra vires. The dominion government has not appeared in the lawsuit and does not propose to appear. All they are going to do is to stand by and let the court make an injunction perpetual as against—that is the effect; an interim injunction perpetual—and this statute merely conforms to that act. The temporary injunction having been issued, to-morrow application will be made to have it made perpetual. The dominion government will not appear, and it must be made perpetual so far as we are concerned.

Mr. GRAY: Why do we need this act?

[Mr. I. Mackenzie.]

Mr. BENNETT: Because we are giving effect legislatively to what the court has done judicially.

Mr. MACKENZIE (Vancouver): Suppose it is ultra vires; what effect would it have?

Mr. BENNETT: Not the slightest, because the other provinces have indicated they have no complaint to make, and that they are very glad to see this matter dealt with in this way. So far as this legislation is concerned it is to give effect by parliament to what the courts will to-morrow decide if the injunction is made perpetual at the instance of the province of British Columbia. That is all there is to it. It is a very ordinary and proper course to follow, when the province asked that it be done. It would be bad policy for the dominion to enter into a long and costly litigation in this matter. If the province of British Columbia states, "This is a statute beyond your legislative competence," we are not going to argue with them. They do not want it in that province, and the attorney general has launched his litigation. He has obtained an interim injunction which he proposes to make permanent, and by legislation we are giving effect to his wishes in that regard.

Mr. WOODSWORTH: Has that decision any validity in other provinces?

Mr. BENNETT: No, not at all.

Mr. EULER: If this bill were not passed would not the situation be exactly the same?

Mr. BENNETT: No, it would leave it open to further contest with respect to individual cases, and it is to avoid any possible misunderstanding on the part of those who have sought the advantage of the act that we are making it perfectly clear that parliament is respecting the wish of the provincial government and leaving the act non-operative within that province.

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, I had not intended to discuss the legal or constitutional phase of the matter, but had I so intended, in view of the observations of the Prime Minister (Mr. Bennett) it would now be unnecessary. I should like however to say a word in reply to the hon. member for Vancouver Centre (Mr. Mackenzie). Within my recollection as an hon. member of this house I have never known of any measure which has met with such uniform approval and unanimity of opinion as the Farmers' Creditors Arrangement Act. In

fact it will be recalled that last year encomiums were so embarrassing that several days elapsed before we could have second reading of the bill. That situation is well known. As is evidenced by the large number of settlements—5,852 in number—made up to the end of May it would appear that the act has operated extremely well.

The hon. member has said that this is sectional legislation. It is, but why? It is sectional because a sectional attitude has been taken by one of the nine provinces. The act has been accepted by the remaining eight provinces; they have given cordial co-operation and the result is apparent to all. I assure my hon. friend in all solemnity and seriousness that the political complexion of the government of British Columbia has had no bearing whatsoever upon the attitude taken by this government in bringing the bill before the house. It would have been presented if the political complexion of the provincial government had been Conservative, Co-operative Commonwealth Federation, or otherwise. It was brought down in no sense of political pique but as a matter of great regret, because it was the one spot upon the escutcheon, if I may use that term in the operation of the act.

The only place in which the act has been challenged is British Columbia, and as I pointed out the other day the government of that province has taken steps to resist the act; it does not wish the act to be operative in British Columbia. But, coming to the second point: would we be wise to imperil the operation of the act throughout Canada by standing aside and allowing the province of British Columbia to challenge its constitutionality in the courts? I think upon reflection the hon. member will realize that in describing the bill he rather embroidered his language. It would have been very simple to bring in a bill to withdraw the operation of the Farmers' Creditors Arrangement Act in the province of British Columbia. What we are seeking to do is to preserve their rights to those who have effected settlements. There are some 58 cases where settlements were effected, as I recall—I may be wrong in this respect—without reference to the province. In other words, the rights of the province are not involved but assuming that they have been involved in any of these cases, the settlements have been accepted and it was only in connection with the Copeland case that British Columbia intervened and resisted the application of the act. Stripped to the bare essentials the attitude of the British Columbia government means that they are prepared to allow private individuals, trust companies, banks, mortgage companies, loan companies and the dominion itself to make contributions in effecting settlements for the benefit of farmers in need while they themselves refuse to cooperate.

Mr. MACKENZIE (Vancouver): They are doing it in another way.

Mr. RHODES: Conferences were held by the officers of my department with every province and we had the cooperation of British Columbia up to a point. Either the province of British Columbia is prepared to make its contribution or it is not, and no further conference is required. I say to the hon. member for Vancouver Centre and the house that this bill has not been introduced in a spirit of pique or because of a desire on the part of the government to raise a sectional issue; it was brought forward with very great regret with a view to preserving the value of the act to the other eight provinces where it is acceptable and desirable.

Motion agreed to, bill read the second time on division, and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Operation of act in B.C. to cease on 1st July, 1935.

Mr. MACKENZIE (Vancouver): Just one word more in response to the remarks of the Minister of Finance (Mr. Rhodes). The question is not whether the province is prepared to make a contribution; it is whether provincial authority, that of British Columbia or any other province, is to have its jurisdiction with regard to land taxes, water rates and in some cases school taxes affected by the mandatory order of a board of review. That is the clear issue, and not as the minister stated it.

Mr. RHODES: If we withdraw the operation of the act in British Columbia they cannot raise any constitutional question. We are not trying to impose upon them what the premier of that province has said we are trying to impose.

Mr. MACKENZIE (Vancouver): The government is taking a most extraordinary course. The obvious course would be to try to keep the benefits of this legislation in British Columbia. The minister is not only withdrawing this legislation from British Columbia but he is imperilling its operation in the other provinces. The minister has said that a decision of the Supreme Court of British Columbia that this act is ultra vires will have no effect upon the other provinces,

but I submit that it will have a tremendous effect. Although an edict of the Supreme Court of British Columbia does not govern in the other provinces, once a province has made such a declaration the other eight provincial governments will be invited to test the validity of this federal statute. Once the Supreme Court of British Columbia has given a decision, any private creditor who is dissatisfied will be encouraged to launch a proceeding in any other province.

Mr. GRAY: This legislation affects the whole nine provinces of the dominion. When the Minister of Finance (Mr. Rhodes) was introducing this bill a few days ago he stated that while the law officers of the crown did not have any doubt as to the validity of this act, they did not feel like testing the act before the courts. This act is either good or bad. It has been placed upon the statute book by this government, and instead of running away from the issue the dominion parliament should place its powers behind the act and be represented not only at the hearing to be held to-morrow but before every court in which the validity of the act may be tested. The Prime Minister (Mr. Bennett) stated this afternoon that we are not going to defend our own legislation; we are going to permit an interim injunction to be made permanent. I could not follow the reasons which he gave for this action, and I doubt if any other hon. member could. If this interim injunction is allowed to be made permanent without opposition it is bound to bring about the result suggested by the hon. member for Vancouver Centre (Mr. Mackenzie). I ask the Minister of Finance to reflect further upon this matter. I think he should ask that the hearing to-morrow be adjourned in order that the dominion government may be represented, and I am sure if he does, the request will be granted. This legislation has been passed for the equal benefit of all the nine provinces.

Mr. REID: I am very sorry that the government have seen fit to introduce this legislation. The Farmers' Creditors Arrangement Act was supported by every hon. member of the house and the government is now denying to the farmers of British Columbia the rights given under the act to the farmers of the other provinces. Apparently the government has decided not to enter into any conference or to modify the act in any way; they have decided to withdraw it entirely. If that absurdity were carried to its logical conclusion, the province of British Columbia should now perhaps endeavour to obtain an injunction against the dominion government to prevent the province from being denied the benefits of this act. Further, the province of British Columbia will be called upon to pay a part of the cost of administration of this act in other provinces as well as a proportion of the losses which are bound to occur, and yet the benefits of the act to the farmers are being withdrawn. I ask the minister if it would not have been possible to make some change or amendment in the act in connection with agreements for the purchase of land or taxation or in connection with contracts entered into between individuals and the provincial government or dyking commissioners. The minister this afternoon, if I rightly understood him, said that the province of British Columbia was not prepared to assume its proper share of the cost but was willing to stand aside and see bondholders and others taking a loss which would accrue when the farmers received an adjustment under the act. I would point out that there are other phases which in my opinion are responsible for a heavier load, and that has been touched upon by the minister. Let me cite an instance in my own municipality. We have a dyking area with a bonded indebtedness of $100,000. A tax levy is made every year in that area to take care of the interest and sinking fund, and that tax is spread over those in the area. Certain farmers in that district appealed to the receiver general and I understand that two cases were to go to the board of review. Would it have been fair to allow the rest of the farmers to assume a load of debt which would have been thrown upon them, through certain farmers being given an adjustment? There are some farmers who owe from $300 to $500 in taxes, and the dyking commission did not compel them to pay the taxes, but in one or two instances they appealed to the receiver and as well to the board of review. If an adjustment had been made with respect to these taxes owed by the farmers, the rest of the debt would have had to be borne by the other farmers within that area. We endeavoured, when the act was under discussion, to direct the attention of the minister to that aspect of the matter but little attention was paid to it. So far as British Columbia is concerned, it was not a matter of cutting off taxes; the point is that certain people had entered into an agreement with respect to dyking and water taxes, something on which bonded indebtedness is raised. It was not a case of redress being given by the provincial government, but the fact is that a heavier load would have been placed on the farmers of that dyking area. The government has

been high-handed in going ahead with this bill. Would it not have been possible to make some adjustment in the act to take care of the matter under dispute without withdrawing the whole act?

Mr. RHODES: We must bear in mind that of the total number of settlements effected in Canada up to the end of May, 5,852, there were 4,602 effected by compromise and agreement, and only 1,250 as the result of decisions of the boards of review. I do not think that any better evidence could be given of the fact that the spirit of the act has been carried out than to cite these figures. The whole underlying motive of the Farmers' Creditors Arrangement Act was compromise, conciliation and amicable adjustment, and it has worked out in that manner. My hon. friend from New Westminster (Mr. Reid) wants to know whether there could not have been some other amendment to the act. I do not think so, but I will say this. If the government of British Columbia had made representations to us calling on us to make some special concession which ought to have been made in view of certain conditions in that province, they would have been considered. But what are the circumstances? We had some communication with British Columbia as with the other provinces, and up to the point where this injunction was brought, coming as it did like a bolt from the blue, we had no idea that the intention of British Columbia was to challenge the act in this arbitrary manner. It has been suggested that our action is high-handed. Well then, the government of British Columbia must assume the entire responsibility. All we do is to say, "If you are going to challenge the act we will not force it on you; we withdraw it from the province and allow it to operate in the other eight provinces."

Mr. GRAY: Why not defend the act?

Mr. RHODES: That is a question of opinion. My hon. friend, inadvertently I am sure, made two mistakes. He said that the officers of the Department of Justice had said they had no doubt that the act was constitutional.

Mr. GRAY: I was quoting what the hon. member had said.

Mr. RHODES: Just a moment until I finish my sentence please. He said that the Department of Justice had said they had no doubt as to its constitutionality. As a matter of fact, what the department did was to give an opinion. They said that in their opinion the act was within the competence of parliament, in other words, that it was intra vires.

Mr. GRAY: That is all I said.

Mr. RHODES: Now the second statement, as regards doubt, arose in connection with the statement I made on the introduction of the bill, namely, that while there was this opinion of the Department of Justice, what the courts might say might be entirely different, and that it would be unwise to imperil the act by action on the part of the province of British Columbia when it was accepted in the other eight provinces.

Mr. MACKENZIE (Vancouver): The minister said he never heard a suggestion with regard to adjustment. Was not the government in receipt of a telegram from a gentleman acting in a legal capacity for the province of British Columbia to the effect that he and the attorney general of British Columbia had forwarded to the government a suggested adjustment? May I read the following telegram to the Minister of Finance. The federal government's legal adviser in Victoria and the attorney general—

—had made a tentative arrangement concerning the operation of the act in this province prior to announcement in house by Hon. Mr. Bennett subject to confirmation by this and federal governments. Arrangement suggested was that first board of review would not interfere with provincial right to levy and collect taxation. Second, we would have official of this government delegated to act as liaison officer with board in respect to adjustment of crown contracts, board agreeing to accept reasonable suggestion of our official as to necessity for compromise or not.

I suggest that that tentative agreement between the attorney general of British Columbia and the gentleman who was acting in a legal capacity either for the board in British Columbia or for this government was telegraphed to this government before the bill was introduced, and when the Minister of Finance gets up and says that there was no attempt at amicable adjustment, I submit that the facts as I have stated them are contrary to his assertion. I do think that if that offer was made by the attorney general, collaborating with the minister's own representatives in British Columbia, the government should have given it the fullest consideration before introducing in this house a bill such as the one we have before us.

Mr. RHODES: The committee will bear with me when I say that for a period of days I was confined to my house—

Mr. MACKENZIE (Vancouver): I am not blaming you.

Mr. RHODES: —and for that reason I was not familiar with the day to day letters and telegrams which passed. But as at present advised, I know that the chief official receiver, Mr. Davidson, had frequent conferences with the attorney general of British Columbia and also with the Minister of Lands and Municipal Affairs, Mr. Wells Gray, so that there was no question of lack of complete cooperation so far as the officials of the department, in relation to the Farmers' Creditors Arrangement Act, were concerned. There may be some correspondence of which I have no knowledge, but so far as I am personally concerned I may say that the action of British Columbia came like a bolt from the blue. There was no intimation of which I am aware at the moment on the part of the province that it intended to resist the act up to that point.

Mr. MacINNIS: I am not going to try to apportion the blame between British Columbia and the government here; possibly there is some blame on both sides. But whoever is to blame, there is no doubt that if this legislation passes, certain farmers in British Columbia for whose benefit the Farmers' Creditors Arrangement Act was passed will suffer. They will feel the effect of this action. I am going to suggest to the Minister of Finance that in order to give the government of British Columbia some time to consider the matter, an amendment might be made to this measure that it would not come into effect until a certain date. That need not be far distant, and this would give the provincial government an opportunity to approach the federal government and would show that the federal government was quite ready to be approached. Would the Minister of Finance take that suggestion into consideration?

Mr. RHODES: I hope the hon. member for Vancouver South will realize that we cannot accept any sugegstion as to blame in this matter. We have taken precisely the same course in trying to cooperate with British Columbia as we have with regard to the other eight provinces, and no question has been raised by them. I may point out to him that although the act was proclaimed in British Columbia on November 1 last and was in operation there, it was only in May of this year that this action on the part of British Columbia was taken. I have said before that we brought in this bill with reluctance and regret. If the British Columbia government want to take action, why, we shall not proceed with this bill but if they persist in the course they are pursuing, we have no alternative, and inasmuch as the chances are that this bill would not pass the Senate for a day or so, I may say to my hon. friend that if there is any indication of a change of attitude on the part of British Columbia showing that they are prepared to cooperate with us, I should be very happy, when the bill reaches the Senate, to have them insert in it an amendment to have the act come into force only on proclamation. I think that will meet with my hon. friend's views.

Mr. JACOBS: I am glad to have this statement from the Minister of Finance that there is still a possibility at the eleventh hour of having this legislation postponed. I was a member of the house who had something to do with the introduction of the Bankruptcy Act in 1919—and my hon. friend will remember that it was introduced by a private member, myself, in that year; it was afterwards adopted by the government and put through I think in 1920, when the present Minister of Justice (Mr. Guthrie) was Solicitor General and had the bill in charge—I do not like to see the legislation begun at that time truncated as it would appear to be by the proposed measure. We have in Canada nine provinces with the act applying generally to them all. I do not understand why through a piece of pique, this action should be taken. Of course my hon. friend shakes his head but the fact remains that while British Columbia may have gone about this matter in an undiplomatic way it is proposed to remove from that province the benefit of this legislation. There is no doubt there is benefit attached to it, otherwise it would never have gone through and the Minister of Finance would not have received all those encomiums which he said he had received.

Mr. RHODES: I did not receive any.

Mr. JACOBS: Well, the department received them.

Mr. RHODES: No, the legislation.

Mr. JACOBS: Well, that is an abstract thing, to receive encomiums. The Minister of Finance I think with all modesty claims that encomiums were received and that he was the minister at the head of the encomium department. It does seem to me—and I should be the last person to mention this—that a little Christian charity should be shown by the department, and it is too bad

that I should be the person to rise in my place and tell the minister what is and what is not Christian charity. There is no doubt that the department at Ottawa, when they ascertained that British Columbia questioned the right of Ottawa to institute this legislation so far as it concerned the province particularly, that is the province as against its own individual citizens, did feel a certain amount of pique. I think I would feel a little pique myself, but to hurry through legislation in the dying days of the session, to make the provincial authorities realize the enormity of their offence, is not quite in keeping with the character of the Minister of Finance. I have known him for many years; he is a pleasant gentleman and he looks at all angles of a question before he takes action. But from the statements made by the hon. member for Vancouver Centre (Mr. Mackenzie), it would appear that there is a certain amount of bad blood between the dominion Department of Justice and the Department of the Attorney General of British Columbia. It seems foolish that these two sober departments should act in such a childish way.

The proposition was put forward by the hon. member for Vancouver South claiming indirectly that the British Columbia authorities acted rather hastily. This is a way they have of acting out west. We act more soberly in the east. With this hint before parliament and before the Minister of Finance, I should say that the government would be well advised in going a little more slowly. This is perhaps the last time the present government will appear in the role of being able to pass legislation, and I suggest they ought to go out mildly and calmly, showing that after all there was no feeling against any province in regard to such legislation. I feel I ought not to inject myself into this debate because it would appear to be a private fight between British Columbia and the dominion government; but inasmuch as this legislation applies to the whole of Canada, I think the government ought to treat British Columbia as a sort of wayward child and give it an opportunity to come together with the Department of Justice in order to see if this matter cannot be adjusted, because after all we should show to the whole of Canada that while we are acting firmly at the same time we are actuated by a judicial and kindly spirit. That can be brought about if the suggestion that has been made by the hon. member for Vancouver South, the hon. member for Vancouver Centre and myself is adopted. This is not a case where harsh measures ought to be resorted to. Such legislation will not be looked upon with favour by the other provinces, because indirectly every person in Canada is interested in it. It may just happen that people in Montreal or Quebec or Halifax will find that the passing of this bill removing from British Columbia the privileges under the act, will affect them. We cannot tell how it is going to affect people outside, and for the good of the whole country I would urge and implore, if I may use that word, my hon. friend, who as I said before has always acted most judiciously, to let the legislation be held up for a little while to see if we cannot get into touch with the officials of British Columbia, adjust the matter and thus put an end to a tempest in a teapot.

Mr. RHODES: I hasten to assure my hon. friend and the committee that when I spoke of the encomiums with which this legislation had been received I had reference to the passage of the bill in the house last year. Under those circumstances it can by no means be suggested as casting even any reflected glory upon myself.

Mr. JACOBS: You deserve it.

Mr. RHODES: My hon. friend has suggested, as he always does, that there should be some Christian charity shown in this matter.

Mr. JACOBS: Yes: "where there are no men be thou a man."

Mr. RHODES: I might suggest—and I do this in no spirit of pique, or because of any quarrel or bad blood between the federal government and the province of British Columbia —that they might show some Christian charity to the distressed farmers in their province.

Mr. MACKENZIE (Vancouver): They are doing it.

Mr. RHODES: That is, be prepared to make a contribution the same as companies and individuals are doing. If they were prepared to exercise this Christian charity, this bill would never have been necessary. My hon. friends have said that if this bill is put through it will not be viewed very kindly in the other provinces. But I put this to him: what would the other provinces say if we permitted one province to withdraw itself from the provisions of an act? A man in the province of Quebec could have a settlement calling for a contribution from that province, but in British Columbia the provincial government says: No, we will make no contribution. I say if this bill were not passed and that condition did obtain, the other provinces would have every right to complain. So that the position

is just the reverse of that suggested. I assure my hon. friend and the committee that this bill was not introduced through pique or because of bad blood, but because we had to cope with a situation which was the creation of the government of British Columbia. I speak for the government when I say that we should be delighted if the circumstances were altered so that we should not need to proceed with this bill. The best evidence of that is the reply I gave to the hon. member for Vancouver South (Mr. MacInnis) when I said that if there was any intimation of a changed attitude on the part of the government of British Columbia I should be very happy to suggest to the Senate that an amendment be added making the bill operative only on proclamation, and of course the bill would never be proclaimed unless the circumstances were such as to call for it.

Mr. MACKENZIE (Vancouver): I again object to some of the remarks of the Minister of Finance. In the first place this bill is an admission by the government that they are afraid or choose not to defend their own legislation. Whatever the decision may be in British Columbia, it is an open intimation to the Dominion of Canada that this government is not prepared to defend its own legislation in court. Then the minister says that they are still prepared to cooperate. I read a telegram which proves conclusively that an offer of conciliation and cooperation came to this government before this bill was introduced. Repudiating that offer of conciliation and cooperation, and bringing this bill into the house, is going to destroy the act not only in British Columbia but in my opinion all over the dominion.

Mr. BARBER: I regret very much that it has been necessary to take action to withdraw this legislation from the province of British Columbia. I have received during the last few months many letters from farmers in that province who have been successful in making compromises and putting themselves in a position to go back on the land and make good. The last speaker referred to a telegram. I wish to quote part of a telegram which the premier of British Columbia, I believe, forwarded a few days ago to the Prime Minister:

> I think the dominion government is taking a very imprudent course and say now that if the dominion government will confine the operation of the act in British Columbia as between persons and not undertake to interfere with provincial contracts and provincial rights to levy and collect our own taxation there will be no opposition from this government.

[Mr. Rhodes.]

That is the condition that they want to provide in this legislation. But as the minister pointed out, if that concession is given to the province of British Columbia it would necessarily have to be given to every province throughout Canada.

Mr. ILSLEY: Why not? That is a reasonable position.

Mr. BARBER: The premier of British Columbia does not object in connection with a debt or a mortgage between a farmer and a citizen or between a farmer and a merchant or some trust company, but the province must not be a party to the debt. May I point out that the province of British Columbia is somewhat different in its organization from other provinces, in that we are not municipally organized to the extent that other provinces are. A large portion of the province is not municipally organized, and the province deals directly with the citizens or residents in those districts, collecting the taxes and looking after improvements and so forth. The particular case which apparently brought this to a head was referred to by the minister as concerning one Copeland. It will be noted from the telegram of Mr. Pattullo that as long as this legislation does not undertake to interfere with provincial contracts and provincial rights to levy and collect their own taxation the province is content. In this particular case the board of review found that all interest due, with penalties, should be written off; the interest on arrears of taxes was to be written off and the farmer placed in a position to be able to continue operation of his farm and put in a position to pay his taxes to the provincial government and to meet all his other obligations. This was settled, and I think hon. members will find on Hansard the manner in which it was settled. The taxes were fixed at a lump sum of $1,408.03, which was inclusive of the taxes assessed and payable in 1935, and the settlement provided:

> That the said sum shall be payable in three equal annual instalments of $469.34 each, without interest, on the 31st day of October in the years 1936, 1937 and 1938 respectively; and the board directs that no tax enforcement proceeding shall be taken against the debtor in respect of these payments until after October 31, 1939. The debtor shall pay all current taxes payable to the province in the year 1936 and subsequent years until and including the year 1940, regularly and in accordance with the provisions of the statute on that behalf.

So that it is quite clear that in this particular case they were not interfering with taxes, but advised that the interest and penalty should be remitted. Now the soldier

settlement board come under this relief act; a federal board, they take their loss along with others according to the decision of the board of review. But the provincial government object to coming in. The hon. member for New Westminster (Mr. Reid) complained bitterly, and some others also, that there should have been conferences. Well, I know that the officials of the department kept in touch all along with the attorney general and other officials of the government in British Columbia. In fact on one occasion when some little objection was raised they agreed that the attorney general should have representation on the board of review. And he had a representative on the board and he took part in the proceedings. There have been conferences, I think everything has been done to bring about a settlement.

Now there are other cases, there are cases in my own district, and this was brought to my mind by the hon. member for New Westminster when he said something about a dyking area. In my district we have a dyking area known as the Sumas dyking scheme. The reclamation of that area was carried out by a Liberal government in our province some years ago. The great difficulty in connection with that area is that the farmers are unable to meet the tremendous tax that they are asked to pay in connection with the dyking charge. This goes back to the years when this work was first undertaken. Under their land settlement board the government at that time estimated the cost of the reclamation scheme at $1,800,000, and it was on that basis certain taxation was to be levied per acre for maintenance and interest charges. Unfortunately, however, when the work was completed the total cost amounted to over $4,000,000, and the tax is so heavy that the farmers cannot meet their obligations. So the province must take a loss; it has taken several losses already but it will have to take further loss.

I was interested in several cases that were submitted to the board of review just when the provincial government took this action; I believe those cases are standing at the present time. In the Sumas area some sixty-four farmers made application for adjustments, not only concerning the provincial government but the soldier settlement board, loan companies and private citizens. It would be greatly to the interest of the provincial government if some adjustments were made in order to permit these farmers to remain on the land and meet their taxes. Now that the government of British Columbia refuses to participate or to make any concessions whatever, it will be impossible to keep these farmers on the land in that district unless the province undertakes some adjustment on its own behalf.

As I have said, the act has worked out very well in British Columbia. I had a letter handed to me the other day concerning this man Copeland. In the settlement made in that case it will be noted from what the minister has said that the board of review did not interfere very much with the provincial government. It appears that Mr. Copeland had as his representative before the board Mr. T. G. Norris, a barrister, of Kelowna, and he wrote the following letter to Mr. Norris:

Dear Mr. Norris:

I have just received word from Mr. Merryfield, secretary of the board of review in Vancouver, setting out the proposal of the board of review in my case, and I must say that I am more than pleased with their proposal. They have, beyond doubt, made it possible for me to carry on and make good. I have received nothing but kindness from all parties in connection with the federal government, naming Mr. J. R. Mitchell, Alex Ogston, Esq., Mr. Merryfield and also the members of the board of review.

I want to again thank you, Mr. Norris, for being the means of starting me out right in the first place. You have undoubtedly been the means of placing me in the happy position I am in to-day.

I hope to be in Kelowna before many days, and I will drop in to see you and have a chat about things in general.

Yours very sincerely,
(Signed) R. A. Copeland.

This man has been put in a position which will enable him to carry on and meet his obligations, and he is a happy man to-day. I could read dozens of letters I have received from people in my own district as well as in other sections of the province, speaking very highly of what has been done for them. But, as I have pointed out, if the province of British Columbia will not permit any matter concerning provincial obligations to be brought before a board of review, even if they have a representative on that board, I do not think the act can work in that province. We all regret it. There may be some political tinge to it, but I am not going to deal with that matter at this time. I still hope that the province of British Columbia, through the attorney general, will reconsider its stand. I believe the government have been very fair in inviting the attorney general's department of British Columbia to have a representative sit in with the board of review when dealing with these cases and adjudicating these matters.

Mr. EULER: I hesitate to interpose in this debate, as I admit that I know very little about the operations of this act, but I rise to ask the minister a question and possibly to make a suggestion. I take it that if this bill passes the province of British Columbia, with its distressed farmers, will be placed entirely outside the operation of the act and the benefits which may be obtained under it. Is there not a possibility that the action which has been taken by British Columbia might fail? If that action fails, would not the federal government be able to apply the act in that province? If that is the case, if we pass this bill now and later British Columbia fails in its action, by this step the government will make it impossible for the distressed farmers of that province to obtain any assistance. I am wondering whether it would not be wiser to postpone passing this bill until we know the decision of the court in the action that has been taken by the province of British Columbia.

Mr. RHODES: It is quite true that if the court gave a decision holding that the Farmers' Creditors Arrangement Act was intra vires of this parliament, it would be binding upon the province of British Columbia and the act would be applicable there. What we point out, however, is that while the opinion of the Department of Justice is that the act is intra vires, it is quite possible that a court may take another point of view. I do not profess to be capable of expressing an opinion worth anything on that point; I would defer to the legal talent in the committee in that respect, but we could not afford to imperil the operation of this act throughout Canada by reason of an action that has been taken in one province. It must be borne in mind that practically only one per cent of the settlements made in Canada have been made in the province of British Columbia. In other words, if the same proportion were borne out, we would allow one person to determine the legality of an action bearing upon ninety-nine others.

Mr. EULER: If the Supreme Court of British Columbia should declare against the federal government, would that affect the other provinces?

Mr. RHODES: I am advised that it would not.

Mr. MACKENZIE (Vancouver): Not in a legal sense, but this bill means that the Minister of Justice is extending an invitation to the courts of British Columbia to hold unconstitutional the bill we passed last year, because he is not defending the action.

[Mr. Barber.]

Mr. JACOBS: What will happen if tomorrow another province raises the same question? Will another punitive bill be introduced? Either the law is good or it is not good. My hon. friend says we cannot imperil the operation of this act in the other provinces. For the life of me I cannot see how the hon. gentleman can prevent similar action with regard to every other province in Canada under the jurisdiction of this act if the same situation should arise.

Mr. RHODES: I think the obvious answer to the point raised by my hon. friend from Cartier (Mr. Jacobs) is this: The other eight provinces have accepted the act; they have cooperated cordially and have made no objection to the jurisdiction of the act. They have accepted settlements of boards of review which have had the effect of reducing payments coming to provincial governments and provincial boards, so that question cannot arise.

Mr. JACOBS: My hon. friend must know that it is given to any private individual in a province to attack the legality of any act.

Mr. RHODES: I assumed that my hon. friend was speaking of the action of a provincial government. I might say also that no private individual has attacked the act in any province, so far as I am aware.

Mr. EULER: Would the government not find itself in a most awkward position so far as the farmers of British Columbia are concerned if that province should fail in its action against the government in the case to be decided to-morrow? If it fails the province is placed outside the pale; the benefits of the act can no longer be applied to British Columbia.

Mr. RHODES: I think the hon. member will not accuse me of discourtesy when I say to him that this government cannot assume the responsibility. The action of the province of British Columbia, through its government, is the cause of this legislation.

Mr. EULER: This government owes a duty to British Columbia outside of the government of that province.

Mr. RHODES: We should be derelict in our duty if because of the act of the province of British Columbia this federal act should be declared ultra vires and its benefits denied to Canada.

Mr. MACKENZIE (Vancouver): It probably will be declared ultra vires, because it

is not being defended and we are therefore expressing no confidence in the legislation which we passed last year.

Section agreed to on division.

Bill reported.

MORTGAGE CREDITS FOR FISHERMEN

Hon. GROTE STIRLING (Acting Minister of Fisheries) moved the second reading of Bill No. 120, for the purpose of establishing in Canada a system of long term mortgage credit for fishermen.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I rise to a point of order. I would point out that the bill was brought before us only three-quarters of an hour ago, and that it affects the province of British Columbia. For the last hour we have been engaged in the discussion of a bill vitally affecting that province. Four hon. members from British Columbia have spoken to it, and necessarily our attention was concentrated on the bill then under discussion. This is a complicated bill of seventeen sections, and I submit it is not fair to ask for second reading until we have had an opportunity to consider it. I suggest that it be allowed to stand until to-morrow.

Mr. WILLIAM DUFF: Mr. Speaker, I join the hon. member for Comox-Alberni (Mr. Neill) in asking the minister to be good enough to allow the bill to stand over until to-morrow. To-day I endeavoured to obtain a copy of the bill. I sent to the distribution office at ten o'clock this morning; I went down myself at eleven o'clock, and I sent down again at twelve o'clock, one o'clock, two o'clock and at a quarter to three. Still I could not get a copy of it. Only half an hour ago were the bills made available and placed on the table. I respectfully submit that the bill should stand until to-morrow.

Mr. STIRLING: Under the circumstances I believe it would be preferable to allow the bill to stand over.

Motion stands.

SUPPLY

CREDIT AND FINANCE—AMENDMENT OF MR. SPEAKMAN TO MOTION FOR COMMITTEE

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee of supply.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, may I take advantage of this opportunity, perhaps the last during the lifetime of this parliament, to present to the house for its consideration and I hope action, what I conceive to be a problem of first magnitude. While it is not of recent origin, it is a fundamental problem and of increasing urgency. To-day in Canada and throughout the world there is a growing realization of the fact that the whole is greater than the part, or, in other words, using it in its present application, that the state or society as a whole is greater and of more importance than any individual or group of individuals within the state and forming part of that society. This conviction has been expressing itself in past years in Canada, as elsewhere, in legislation designed to bring about an increasing degree of control and regulation by the state of individuals and groups of individuals, whenever the activity of such individuals is apparently detrimental to the public weal.

Mr. YOUNG: You mean the regulation of the whole by the part?

Mr. SPEAKMAN: At the present time I am not referring to any special legislation, but rather to the tendency which has manifested itself in Canada and throughout the world. As to the adequacy of the expression I shall not speak at this time. To my mind this process is inevitable in view of modern conditions. There are certain principles, the first of which being accepted the second or third must inevitably follow in logical sequence. In this country, I believe with the common consent of all classes of society and supported by all bodies of opinion in this chamber, the state has undertaken the obligation of providing relief for its unemployed; in other words, the state—and I speak of it in all its branches, federal, provincial and municipal—has undertaken to provide purchasing power for those unable to earn it for themselves through the ordinary processes of industry and business. After all, is not unemployment the human wastage or human loss in industry and business, using those terms in their widest and most general sense? And is not that loss influenced at least in a measure by the general policies followed by industry and business? I think there is no hon. member of the house who, if called upon to underwrite the losses of any business, would not insist upon at least a degree of effective voice in the policies of that business which policies might materially increase or decrease, or indeed wholly obviate, the possible loss. I believe this principle applies to the state in exactly the same way as it applies to the individual man or woman going into business or underwriting a loss. The state has agreed to

underwrite this human loss, and I believe it follows in inevitable sequence that the state in growing measure, so long at least as the condition continues must have a controlling or regulating voice in the policies of business and industry. As I have said, the first of these principles has been accepted with practical unanimity and is supported by what I shall describe as the three bodies of public opinion represented in this chamber. The second step has long been advocated by the group in this corner, is now accepted in principle at least by the government in power, and in some degree, though perhaps reluctantly, by the official opposition, as is quite obvious from the support given various measures. But there is in my opinion a third step which, the first two being taken, must follow as inevitably and logically as the second. It is extremely doubtful whether those two obligations can be undertaken and these policies discharged within the confines of what we term to-day our financial system. In other words, the increased obligations on the part of the state consequent upon relief policies, the limitations placed upon business and industry in connection with the setting up of minimum rates of pay, the shortening of hours, the reduction of profits, the putting into force of more humane conditions, must inevitably lead to an increased cost of doing business. It is doubtful whether the state can continue to make these expenditures, whether business and industry can continue to function under these limitations within the narrow confines of what is somewhat ironically termed sound finance and sound money.

Another question naturally arises. What I think is accepted as one of the greatest difficulties encountered by the federal state in dealing with this matter is the question of jurisdiction and constitutional authority in bringing about that control and in passing the necessary regulations. This house has laboured earnestly with this problem. The committee which was appointed went into the matter very deeply but it was confronted with the obstacle of constitutional limitation of power. What was apparently overlooked was what is under modern conditions the most effective form of control and what is under our constitution the unchallenged right of this parliament—the power to deal with such a situation by means of the control which the state may exercise over finance. I shall not deal further with this question, as it is my purpose to be brief; but I think that is something which is recognized by all hon. members as being effective, both constitutionally and practically.

[Mr. Speakman.]

We come now to another point, the dead weight of interest bearing debt, both private and public, which rests upon the country and upon the people. I shall not dwell too long upon this somewhat unpleasant subject, as it has been discussed in detail on former occasions and probably will be discussed on subsequent occasions. Suffice it to say that there is no man in public life within my knowledge who has ventured to suggest any manner by which this debt might be discharged or its steady increase checked within the narrow limits of what is called sound finance. No individual, no corporation, no state, can continue indefinitely on a policy of increased borrowings without repayment or prospect of repayment without facing inevitable bankruptcy. This government has recognized that difficulty and endeavoured to meet or alleviate the situation. An effort, successful in a measure, has been made to reduce the carrying costs of debt, particularly of public debt, through refunding at lower rates, through legislative enactments to provide for lower carrying charges, and other means. The government has endeavoured to meet the problem by making legislative provision for the partial repudiation of various forms of obligations, as is evidenced by our Bankruptcy Act and the other acts which provide for the voluntary or compulsory composition of debts. I am not criticizing that form of legislation; I have supported it in the past and shall continue to support it in the future. I consider it a necessary palliative measure under present circumstances, but I do not think any hon. member will suggest that a policy of repudiation or partial repudiation is sound in principle or will realize its full intent in the end. That is not a sound way to deal with the situation. Many in this country now believe that the time has come when we should stop giving our whole attention to the treatment of symptoms and attempt the eradication of underlying causes. I shall not make further reference to the question of debt, as it has been discussed in this house on many occasions. So long as the system itself is founded upon and is inseparable from the use of interest bearing credit and the constant increase in interest bearing debt there is no method of repudiation or partial repudiation, no method of decreasing the carrying costs which will strike at the root of the trouble and remove the cause. So long as that policy continues I give it as my opinion that that will be the effect. This is not merely an opinion of yesterday; it is an opinion which I have reluctantly formed over the course of years. I think it is unnecessary for me to say to this house that I am not inherently a radical.

I have not the type of mind that jumps to something new simply because it is new. I follow a thing, rightly or wrongly, if in my opinion and according to my concept of logic I am driven to that conclusion by the consideration which I give the matter. I am not saying that my logic will be inviolable or that my conclusions will be right, but I urge them only after some process of thought Every reform is inseparable from an emotion almost religious in its fervour, and while it is true that a few great reforms have been accomplished without that stimulus, it is also true that in dealing with business and economic matters no permanent success has been achieved unless in addition to that emotional stimulus there has been a background and foundation of practical common sense.

I do not believe that this condition can be permanently cured so long as the financial credit of the country and the provision of purchasing power is looked upon as a profit making industry, to be held or withheld by groups of individuals for their own private gain, particularly when this essential of modern life is falling more and more under monopolistic control.

There is a third phase which is known to every hon. member and which must appeal alike to his reason and his humanity I refer to the condition which has been referred to so often in the terms of the hackneyed phrase, poverty in the midst of plenty. A tremendous disparity exists to-day between our capacity to produce real wealth and the extent to which we have been able to make effective use of that capacity. I doubt if there is an hon. member in this house, a thinking man in Canada, who has not been bending his mind and thoughts in the direction of how this can be accomplished; how we may bring about a condition that would make available for actual human use within this country, to the average man and woman, that real wealth which we can produce in such abundance. That is the problem. I suggest that there is no country in the world in which a higher standard of living could or should be secured to the individual than in Canada. Canada has often been referred to as one of the last great undeveloped areas, and I am certain of this, that there is no country in the world which in proportion to the scanty population which this country is called upon to support has a greater fund of natural wealth and resource for that population to draw upon. Not only that, but, again a truism, we have within the country in our mines and rivers an actual and potential power which will assist us in making available this natural wealth. I suppose there are countries richer than our own; the United States possibly is richer in the extent and variety of its resources. But it is called upon to support over ten times our population, and when we make a comparison with Great Britain or the countries of Europe it becomes absolutely ludicrous. Let me say again that there is no country in the world better fitted by nature, by natural resources within its boundaries, by its available power, to provide a high standard of living for all its citizens than is Canada. And it is a reason why we should bend our energies towards making that wealth available. I am reminded of a cartoon I once saw, of a man crouching on a storehouse of treasure, starving and shivering and calling on providence to satisfy his needs by some miraculous process.

May I go a little further. We have here then all these resources, and a population which is scanty, it is true, but I may safely say second to none in the world in its intelligence, industry and desire to work and produce that which it requires. There is no population in the world that is less desirous or less willing to live upon doles and relief and charity than the Canadian population, take it as a whole from one end of Canada to the other. French-speaking and English-speaking people, and people from other countries who came here impelled by a desire, by the labour of their own hands and the application of their own intelligence and industry, not only to make a home but to secure a decent standard of living by their own energy and exertion—these are the people of Canada, and they are still anxious to carry out that intention.

Having all these qualities and factors in this country, there must be, I say, some fundamental cause, there must be some fundamental weakness in a system which permits conditions such as we find them in Canada at the present time. There is another point in connection with that very question. We speak of the power available; we speak of the mechanical appliances at our disposal; and we are beginning to realize more and more that those very mechanical appliances which will make possible so high a standard of living are to-day, and under present conditions, not increasing but reducing that standard and making it increasingly difficult for men and women not only to find employment but actually to maintain themselves in decency and comfort.

The world we are entering upon, the world we are living in, is a world in which inevitably, more and more, the human element, human energy, will become a constantly diminishing factor in the production of real wealth. And that means that the opportunity for human earnings in the now accepted sense will become a smaller and smaller ratio to the mass

and value of the wealth produced; and we cannot blind our eyes, we cannot close our understanding to that problem which is known to-day as technological unemployment. I am not one of those who believe that, all things being well, work could not be found even under modern conditions. I have only to take a glance at the homes throughout Canada, I have only to look at conditions as I find them, to be assured that if the people of Canada had the money with which to pay for modern improvements and comforts and decency in the remodelling and rebuilding of houses, not by tens of thousands but by hundreds of thousands, and to provide themselves with all those things which they now desire, which we could supply and which they wish to enjoy, so far as production is concerned, we could find work for men even in this mechanized age. We could find work for every ablebodied man in the country and find it for years to come. But whenever it is suggested, whenever a plan is put forward by individuals, groups or governments that this wealth should be made available to the people, we are confronted with the one question—Where will you find the money? And we find ourselves balked and frustrated by a financial system which, however inadequate in its inception, is no longer adequate to meet modern conditions or requirements.

May I in conclusion offer one more thought. There are two ways, as far as I can see, by which goods may be distributed and consumed. There may be others but there are only two that I see as the two obvious methods. One is what is known as the strictly communistic method, that is, where the state itself owns all property, where the state itself owns all production and where every citizen in the state may draw on that store, without money or price, according to his needs or desires. That is one method. Now notice, I am not advocating either method; I am laying down alternatives. The other method is by the provision of sufficient purchasing power in the hands of those who desire to use the goods that are produced, to enable them to buy and pay for and enjoy those goods. I might suggest this—and I am suggesting it for the consideration of those to whom the terms socialism, communism and so on, are a bugbear in the night and a nightmare to frighten them in their dreams. Let me suggest to such people that if they want to avoid that alternative there is only one thing for them to do, and that is to make it possible for the people to secure the necessary purchasing power which will enable them to supply their needs; because I doubt whether we

[Mr. Speakman.]

can long continue in this country or in the world with conditions as we find them, and as they will be in increasing measure, where the majority of the people are debarred throughout their lives from security, potential security in the obtaining of those things which are accumulating before their very eyes and which they require and demand.

We cannot sit down and watch that drift, and so I suggest that the very best way of avoiding an overturn of all those things we hold dear on both sides, all those democratic principles which have been so strongly and eloquently advocated, all those constitutional prerogatives which are dwelt on so frequently —the only way to avoid the submergence of all these things is to deal with the question from another angle and make it possible for the people to live on a high standard of comfort without going to the other extreme.

There is one other thought, and with that I will conclude. This factor at least should be considered in dealing with this subject. Philosophically speaking, apart from natural resources, this is the factor in production which counts—human energy, human intelligence, human foresight, human industry applied to the use of natural resources. All of these others, the machinery developed, power and all the various factors we use are in effect a combination of these two agencies —natural resources and human energy in one form or another. I think it is taken for granted that those now engaged in industry should share in production. And when I speak of industry I mean industry in all its manifold forms. I have found that the agriculturist is at least industrious and competent enough to be termed an industrialist in that sense. Those engaged in industry and production in all forms, those who give their energy, their industry and intelligence to development and production, are entitled to a share of the division of its proceeds, and I am including, of course, those who supply capital for development. For after all capital is the crystallization, to some degree at any rate, of human energy and natural resources combined.

But there is another factor which is not always given consideration. I think it will be conceded that the contribution made by the present generation is not the only human factor which is introduced into this question. None of these various improvements would be possible to-day, none of that wonderful machinery, that marvellous utilization of power which we witness would now be available had it depended solely upon the inventive genius, intelligence and industry of those now living

and enjoying their benefits. There is what is termed the cumulative heritage. The term has been misused many times, but it simply means that for the last hundred years back, and far beyond that, men have been working and striving and inventing and solving one problem after another; and upon the foundation of that intelligence, that skill and that inventive genius, gradually step by step, not at one fell stroke, there has been erected the structure which we now see. And behind that, beneath it and making it possible, rests the labour of all those who have gone before us, generation after generation. There is not a man living to-day, there is not a group or aggregation of individuals living to-day who can claim a monopolistic right to that heritage as being its sole beneficiaries. The beneficiaries of that heritage, as of our heritage of constitutional freedom and our democratic institutions, is and must be society as a whole, because society as a whole, generation after generation, has made that contribution and laid that foundation. And that means, if rightly interpreted, that not only are those now engaged in industry entitled to some share of the social heritage but that all society is entitled in virtue of the fact that they are beneficiaries and legatees.

I am merely suggesting that in dealing with this financial question, in dealing with the manner in which currency should be issued and credit used, we might well ask whether that should not be a factor to be considered, whether what is termed monetization, that is making in actual concrete monetary form the basis of our wealth, should not be considered and whether the people who are the legatees of that heritage should not be given some share of that monetized value. I shall not go into that argument; I shall bring that forward presently in an amendment which I propose to move.

Because this is neither the time nor the place, nor am I competent to go into the technique of how these things should be done, I am merely going to offer a suggestion to the house for its consideration. Whenever anyone in this house or outside suggests that some new principle of finance should be adopted, the cry at once comes: How are you going to effect that in a practical, technical way; give us the details; give us the method. That is impossible. I might return the challenge by asking this: Is there any man in this house or in this country to-day—and if there is, I have never met and never heard of him—who can tell us how our system is functioning to-day or how we are going to come out under our present system? Is there anyone who can tell us how we are going to pay our debts, distribute our goods, under this system? Surely we have a right to challenge them as regards the practical application of a system they adhere to just as they have a right to challenge us as to the details of a principle we suggest. I have advocated this principle in different parts of Canada and I believe it is sound. I believe the greatest obstacle to financial reform is the multitude of schools of finance which have arisen, the quarrelling, the warfare which exists between one and another, the fact that this school and the other school, the Gerry McGeers, the Douglasites, the Aberhartites, and other "ites" too numerous to mention are quarrelling one with another as the best means to bring financial reform into effect. They are always quarrelling with each other and hating each other worse than they hate their common enemy, each one more anxious to effect the downfall of the other than to bring about a remedy. I am going to make this suggestion. When the average man buys a piece of machinery, let us say a motor car because we are all familiar with that, I venture to say that there is not one man in a hundred thousand who thoroughly understands all the technical science which lies behind the manufacture and functioning of that car. It is not necessary that he should. He asks two questions. I am not speaking now of the ladies because they will also take into account the beauty, grace and so forth. But two questions are asked: Will it perform the functions for which it is required and will it stand up under those operations? I have suggested elsewhere and I suggest to the house that all of those who believe that in finance lies at least the crux of our situation should forget all this quarrelling over details which they are not competent either to understand or to solve, and simply ask the same questions, make the same demands as are made upon manufacturers of machinery, upon this parliament which under our constitution is given the obligation and responsibility of providing purchasing power and medium of exchange. We may delegate those functions to the banks; we may pass them over to individuals or corporations, but in doing so we cannot divest ourselves either of the function or of the responsibility. I am merely suggesting then that they should make that effective demand upon parliament: Give us a system which will enable us to pay our debts, to buy goods, to carry on the operations which a financial system is supposed to facilitate as regards all the interchange and consumption of the wealth which we can produce.

I will admit at once that parliament is not competent to say just how that will be done, but parliament can do as every manufacturer must do, summon the few technicians in that particular science in the world to-day and set before them that problem with a plainly defined objective. The people then could judge this parliament as they judge any manufacturer, by the way in which the system which is provided for them functions. That is the only way in which they can judge, and, may I say, the only sane manner of judging any system. Does it function? Does it deliver the goods? I am suggesting that this line of thought should be followed. As I say, I have no intention of going into the details of how this should be done; I am not competent to set them before the house, and I am not insulting parliament when I say that it is not competent to understand them as I am not competent to explain them. Members of parliament have listened to technicians and have gone away holding their heads because they were unable to understand the multitude of complexities; so I am not going to discuss the details even were I competent to do so.

In order to crystallize the thought which I have in mind, I propose to move an amendment upon going into supply. I regret that under the rules of the house I am obliged to move it in this way knowing under the usual procedure it must be considered as a vote of want of confidence. But the conditions, the circumstances, the time made it impossible for me to find another opportunity. So I should like to move it as a substantive motion. When I could have moved it as a private member I waited until I saw whether parliament itself through the program before us was taking any step towards meeting this objective, towards solving this problem. It has not done it. Therefore, Mr. Speaker, I move, seconded by Mr. Irvine:

That all the words after "that" in the motion be stricken out, and the following be added as a substitute therefor:

Whereas: The rapid growth of public and private debt, which must inevitably continue under our present financial system if public services are to be maintained and extended and production carried on, together with the increasing disparity between the real wealth of this country and the purchasing power which would make this wealth available for common use, render it imperative that a reorganization of our financial system should be undertaken as the logical first step in any reconstruction program; and

Whereas: No measure or policy has been as yet enacted or proposed by either major party in this house by way of dealing in an effective manner with the foregoing situation; and

[Mr. Speakman.]

Whereas: The issue and control of finance in all its phases is the constitutional prerogative of federal authority, and the provision of a satisfactory system of finance is the undoubted responsibility of the dominion parliament;

Therefore be it resolved: That this parliament resume its direct control over the public credit of Canada with a view to:—

Reorganizing the financial system of this country on the basis of our ability to produce and deliver goods and services: financing all public works and construction at cost, repayment to be made at the rate of the annual deterioration of the asset so created; and

Instituting such system of management and control as will best maintain an equitable level of purchasing power and prices, thus avoiding the alternate evils of inflation and deflation.

And further be it resolved: That this parliament recognize the right of every citizen to a share in that accumulated social heritage by means of which modern production has become so efficient, and is of the opinion that the social credit based upon this heritage should be drawn upon to the extent necessary and advisable in the increase and maintenance of the standards of living in this country, and that this may be done through the payment of annual dividends to:

All Canadians who are sixty years of age or over; those who are physically or mentally incapacitated: and those who would be entitled thereto under the terms of an effective system of national insurance against unemployment or crop failure, or a national system of mothers' and orphans' allowance, or of widows' pension.

Amendment negatived.

B.C. RELIEF CAMPS

Mr. ANGUS MacINNIS (Vancouver South): Before you leave the chair, Mr. Speaker, there is a matter to which I wish to draw the attention of the house, a matter which I and some of us in this corner have attempted to bring to the attention of the house for some time. I refer to the men from the unemployment relief camps in British Columbia and the position in which they now find themselves.

On May 22, we tried to get an adjournment of the house in order to discuss this matter, which we considered of very serious importance to the people of the country. We were denied the opportunity at that time. And again on June 13 we tried without success to discuss it. Since that time certain developments have taken place, and there is every possibility that further serious developments will take place in the very near future. Therefore I think this house should have some understanding of the conditions with which these men from the camps are confronted. In order to give that understanding I am going to give a very brief history of the camps.

The statement has been made in this house on numerous occasions that these camps are

merely a temporary expedient to take care of a passing condition. But let us not overlook this fact that some of the men in those camps have been there for almost four years. The camps were opened, as far as the province of British Columbia is concerned, in September, 1931. They continued for some time under the provincial government, and then in 1932 were put under a commission appointed by the federal government but nominated by the government of British Columbia. In June, 1933, the camps were put under the Department of National Defence and have so remained ever since. While we glibly say that this is a temporary situation, there is no one in this house or in this country who can tell these men when, if ever, they can leave those camps. That is what I would like hon. members of this house to understand, and I should like to put this question to them: If it were your son in the camp or on the march to Ottawa now, what attitude would you take in the circumstances? Before I am finished I hope to show that the men in these camps are just as good as the sons of members of this house.

For some time there was no great dissatisfaction or trouble in the camps. That is quite understandable, because I suppose at that time the men themselves felt that they were there only temporarily, that in a few months things would brighten up again, that business would resume its normal activity and that then they would have an opportunity once more of taking part in the business life of the country. They had every reason to feel that way. Were not all the business men of the country telling us that soon we would be back to normal? Almost every evening when you picked up your daily paper you saw an interview with some authority who said that business was improving. Time and time again even the Prime Minister of the Dominion of Canada told us that we were on the up grade and that soon we would be out of our difficulties. But as time went on the men remained in the camps; they saw no break in the economic depression and they began to get restless. In December of last year many of the men left the camps in British Columbia and went to the city of Vancouver. I mentioned this in the house previously; I mention it again now just in passing. Representatives of every political party took a share in trying to settle the difficulty at that time, and the men went back to the camps on the understanding given by the provincial government that there would be an investigation into the conditions complained of. No investigation was held. We then took up the matter here in the house on going into supply and after some agitation, but not before the men had determined to leave the camps again, a royal commission was appointed to look into camp conditions. The last strike in the British Columbia camps took place on April 4, and if I remember correctly the commission was appointed on March 30.

Some little time ago the Minister of National Defence (Mr. Stirling) read from the report and made certain comments on it, but I do not believe he touched the important points of the report. I refer to the psychological factors in connection with camp conditions. The minister told us what the commission found and the submissions made by the commission in regard thereto. May I just say that while personally I was not dissatisfied with the commission or with its report, and while I believe the gentlemen who were appointed were quite competent to carry out the work assigned to them, I should like to point out to the government that in the appointment of this commission they did the same thing they have done in connection with every commission they have appointed since coming into office. There was no labour man or any one remotely connected with labour on that commission although the men in the camps belong primarily to the working class.

With regard to the conditions complained of, the commissioners mentioned the food, the water supply, sanitary conditions and so on. In the main they found these fairly satisfactory, though they did recommend certain improvements. In my opinion, however, one of the most important paragraphs in the report is headed "Mental Attitude." It reads:

> Apart from any alleged causes of physical discomfort, poor food or living conditions, a clearly defined and openly expressed mental attitude in respect to the camps on the part of the men has developed during the years of their maintenance, and is the outstanding cause of unrest and dissatisfaction.

I should like hon. members of the house to take note of that; this mental attitude is the outstanding cause of unrest and dissatisfaction. What gives rise to this mental attitude? The commissioners stated that the absence of a wage was of first importance. That is the heading of the next paragraph, in which they say:

> Camp life, generally speaking, is not a normal condition under which men desire to live. Men are attracted to mining, logging and construction camps because of a wage paid for labour. It was pointed out by the men that usually there is some goal at the end of a period of employment, and men put up with the discomforts and lack of social

contacts associated with camp life because, in due course, there will be a substantial pay cheque, and a way open to some other form of living. It was contended that in the case of relief camps the absence of a wage rendered a future opportunity of leaving the camps with any considerable amount of money impossible, and that, as the months passed by, the men drifted into either an attitude of hopeles indifference or of studied rebellion.

That is the situation with which we are confronted at this time; the men have no other alternative than to fall into one of those two categories; they must either give up hope of ever getting out of camp and improving their position or become rebellious against the conditions which keep them there and against the government which seemingly will not make a move to improve conditions. I could quote a great deal more from the report along the same line, which the Minister of National Defence did not quote, but I do not desire to take up the time of the house to any very great extent. Here is another point, however, to which I should like to direct attention. The heading of the paragraph is "Young Men." The commissioners say:

A considerable percentage of the men are young, many of them under twenty-one years of age.

How would members of this house like to have their sons of twenty-one years of age or less penned up in these camps under these conditions?

Their education has been interrupted, their training in various mechanical trades has been terminated, or their progress in office or mercantile work has ceased. In many cases these youths have left comfortable homes, or homes now on city or government relief in order that the burden at home might be lightened. Under ordinary circumstances many of these young men would not go at any time to these camps.

Note these words:

They naturally grow rebellious over the apparent hopelessness of their position, and the loss of years in which they might be fitting themselves for higher positions in life.

The next paragraph is headed "Forgotten Men." It says:

A growing conviction seems to have entered the minds of most of the men that they are a forgotten group. The isolation of many of the camps renders it impossible for men to keep in touch personally with former employment or with new work opening up.

It is true that the provincial labour bureau does seek to bring men in camps to the attention of employers, and that the department will furnish transportation to men going to bona fide positions, yet the employment of men from the relief camps is so rare that a fixed idea prevails among the men that they are deemed unsuitable for employment, and shunned by those seeking workmen.

[Mr. MacInnis.]

And again, under the heading, "Isolation of camps":

The projects on which work is being carried on, and in the vicinity of which camps are located, are, in many instances, in very isolated places. Some camps are located where mountains rise on all sides, and there is not even sufficient level ground for any form of sports. Owing to the lack of transportation is it impossible for the men to reach any nearby community, or to participate in any form of social or community life. The absence of all social contacts and the lack of any change of environment cannot fail to produce a sense of isolation and loneliness, with a consequent depressing mental attitude.

This, gentlemen, is a state of affairs to which every hon. member should give the greatest thought. Is it any wonder that the men have left the camps? Is it any wonder that they do not want to go back? Is there any man here who, under such circumstances, would want to go back to the camps? Despite that fact, when they come here to the seat of government, at the invitation of the government, to discuss their grievances their representatives are insulted. If we want a reasonable settlement of this matter surely that is not the way in which we ought to treat it. If we realize the gravity of the situation we ought to try to meet the men with a certain degree of sympathy, in any case.

There is one other quotation which I should like to make. I ask hon. members to pay attention to this, and to bear in mind that this is the report of a royal commission headed by a gentleman who was chief justice of the province of British Columbia:

The chief ground for discontent and unrest was the absence of an adequate wage for workers in the camps. We remark on this point, that it should be remembered the policy of paying wages was not contemplated when the camps were organized.

The grave fear that morale and incentive gradually disappear with the continuance of these camps.

The difficulty of men in relief camps, owing to isolation, keeping in touch with the labour market with a view to possible employment.

I should like to draw to your attention—

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

Thursday, June 27, 1935

The house met at three o'clock.

RAILWAY COMMITTEE

First report of select standing committee on railways, canals and telegraph lines.—Mr. Harris.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SASKATCHEWAN NATURAL RESOURCES COMMISSION

Mr. VALLANCE:

1. Was George McDonald, C.A., a member of the firm of Clarkson, McDonald, Currie and Company while he was a member of the Saskatchewan Natural Resources Commission?
2. Was the firm of Clarkson, McDonald, Currie and Company acting as auditors for any department of the government during the period in which George C. McDonald, C.A., was a member of the Saskatchewan Natural Resources Commission, and, if so, what moneys, if any, were paid by the government to the said firm during that period?
3. Is the firm of Clarkson, McDonald, Currie and Company, of Montreal, associated with the firm of Clarkson, McDonald, Currie and Company of Toronto?

Mr. CAHAN:

1. No information.
2. No.
3. No information.

DUTIES ON JAPANESE GOODS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): On May 20 my right hon. leader asked a question of the Prime Minister with reference to trade between Japan and Canada. At that time the right hon. gentleman gave a detailed reply. Has he further information to lay before the house now with respect to the negotiations that have transpired?

Right Hon. R. B. BENNETT (Prime Minister): It is probable that before we rise I may make a more extensive statement, but in the meantime discussions have taken place between the Japanese authorities and the Canadian authorities, and the minister at Tokyo has presented the position of Canada as clearly as it can possibly be placed. I sometimes think that some of our friends on this side of the Pacific fail to realize that during a period of forty years the dominion parliament, under all administrations, has taken positions at the instance of British Columbia which at the moment have been somewhat embarrassing.

BUSINESS OF THE HOUSE

On the orders of the day:

Hon. FERNAND RINFRET (St. James): May I ask the Prime Minister whether the house is to sit on Monday, the first of July?

Right Hon. R. B. BENNETT (Prime Minister): It was our intention to sit unless the house intimated its desire that we should not do so, but as I have explained we are entirely in the hands of the house. I was going to speak about the matter later in the day, but if it is the desire of the house that we should sit we will do so.

Mr. MACKENZIE KING: Has the Prime Minister considered the possibility of sitting on Saturday?

Mr. BENNETT: Yes. We have considered the question of sitting on Saturday, but in view of the fact that the evidence being given before the special committee has not been concluded I wondered whether it would be advancing matters very much by sitting on Saturday. That is the only consideration that has prevented me from giving notice to sit on Saturday. If it is thought that any useful purpose could be served by giving notice, I could give notice to-day or to-morrow; but it does not seem to me that we should make greater progress, especially in view of the fact that the other chamber has a very substantial volume of business to dispose of before they conclude with the bills now before them. That is my advice.

Mr. MACKENZIE KING: I agree that if the committee is not through, it would not be advisable to have a sitting on Saturday.

When the Prime Minister referred a moment ago to the relations with Japan, in the concluding part of his remarks he spoke of the attitude of all administrations toward Japan and said that he was afraid it had created an embarrassing situation. I do not wish to speak for his administration. With regard to previous administrations, I may say that our attitude when in office was, I think, distinctly of a character to preserve very harmonious relations with the orient, both Japan and China.

Mr. BENNETT: I may be out of order, but if the right hon. gentleman will read what I said he will find that it had reference to the attitude which this parliament and preceding parliaments had taken at the instance of British Columbia with respect to various matters in connection with Japan. I need hardly mention franchise matters and questions of that sort which have caused and do cause some embarrassments which have occurred under any governments that I have any knowledge of.

RECIPROCITY NEGOTIATIONS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I would like to

ask the right hon. gentleman about the progress of negotiations with the United States on trade matters. Is there anything further to report at this date?

Right Hon. R. B. BENNETT (Prime Minister): I said that if negotiations resulted in any conclusions being arrived at, I would communicate them to the house. Negotiations are still continuing; that is as far as I can go.

PENSIONS FOR THE BLIND

On the orders of the day:

Mr. A. A. HEAPS (North Winnipeg): Is the Prime Minister prepared this afternoon to give a statement to the house in respect to the intention of the government regarding pensions for the blind?

Right Hon. R. B. BENNETT (Prime Minister): If I omit from the statement I am making anything which should be said, I shall give it at a later date, but I have been in the committee until late and in council from two till three, and I can only say this, that so far as dealing with the blind by a special act by which the dominion would undertake the paying of pensions is concerned, it is concluded that no such action be taken this session by this parliament. I do not know that I need amplify that statement beyond saying that as a number of the provinces have not taken advantage of the Old Age Pensions Act, to provide that payments might be made to a given category of persons by those provinces that had adopted the provisions of the Old Age Pensions Act, would be to make an invidious distinction against which very strong opposition has manifested itself. On the other hand to set up machinery to deal with payment of pensions to the blind in every province by the federal government would also involve something that the government at this session is not prepared to do.

FARMERS' CREDITORS ACT

Hon. E. N. RHODES (Minister of Finance) moved the third reading of Bill No. 114, relating to the application of the Farmers' Creditors Arrangement Act, 1934, in the province of British Columbia.

Hon. IAN MACKENZIE (Vancouver Centre): I do not want to detain the house. I think the objections which some of us on this side have to this bill were very carefully stated in committee yesterday afternoon. I merely desire to say that I am entirely opposed to this legislation for several reasons. In the first place it is distinctly and viciously sectional in nature. It is an absolute and inevitable corollary of the other bill which appeared on the order paper during the present session and which sought to give a special electoral system to one province. It is a companion bill to that moved by the Secretary of State (Mr. Cahan) the other day, to amend the Dominion Franchise Act in respect to certain situations which arose in one constituency, that of St. Lawrence-St. George.

Mr. CAHAN: That is not true.

Mr. MACKENZIE (Vancouver): I am also opposed to it because the government's failure to defend their own legislation is an open admission on their part that it is ultra vires. In the next place not only does it remove from British Columbia the benefit of this legislation which we all supported last year, but regardless of what the Prime Minister said yesterday, if there is to-day a declaration by the Supreme Court of British Columbia that this legislation is ultra vires of the federal parliament, this will absolutely imperil the existence and validity of this legislation in every province.

Further, legislation which excludes or seeks to exclude any one province from the scope of the pact of confederation, or legislation which seeks to give special effect in only one province to certain terms of this parliament, is vicious in principle. In my humble judgment this will only tend to emphasize and accentuate that feeling of restlessness and anxiety which at the present time prevails in our province with respect to the pact of confederation itself. Therefore, I move the following amendment:

That on the motion that Bill No. 114 be read a third time now, the word "now" be struck out and the words "this day six months" be added at the end of the question.

Right Hon. R. B. BENNETT (Prime Minister): I am going to make merely this observation, that if any province in this confederation speaking for the people of that province, desires to launch litigation in the form of that which was launched before a single judge to obtain an interim injunction, I conceive it to be the duty of a federal government endeavouring to do what the Farmers' Creditors Arrangement Act is doing, to permit that province to have its way. To do otherwise is to cast some doubt upon our own action which I believe is quite sound and is supported by law.

On the other question as to whether it would interfere with the harmonious relations between the provinces and the federal

power, that is presumably a matter which the provinces are thinking of. But if one reads the record as to the assistance that has been given to British Columbia during the last few years to enable it to discharge its obligations and as to the burden that is cast upon this government by reason of the advantageous terms that were granted to the western provinces, notably in Manitoba, which became the measure of obligation for both Alberta and Saskatchewan and which resulted in the dominion making an interim advance of $750,000 per annum to supplement the subsidy payments received by British Columbia, I think the hon. member for Vancouver Centre will realize that any further statement is beside the mark. There has been a most earnest desire, in face of the situation that has developed in the western provinces, to assist them in every possible way in the discharge of their obligations. In fact, to such an extent is that true that in many quarters it is believed the assistance should not have gone as far as it has, but we have endeavoured to preserve the financial integrity of all the four western provinces. I am not now going to traverse that situation.

When we were dealing with the application of the Farmers' Creditors Arrangement Act, it was made applicable of course to every part of Canada, east and west and north and south. The question of the relationship between the crown in the right of the dominion and the crown in the right of the province was one which by understanding and agreement in the other provinces was acted upon in a sense that they were willing to share a part of the loss sustained by others in the adjustments that were being made. It was not a mandatory power of the federal government in respect to taxation that was being invoked, because we have always recognized the autonomous position of the various provinces. What we have said is that if it is threatened that the crown in the right of the provinces would not deal with a board of review, exercising powers exercised in all the provinces and dealing with creditors of all kinds, with respect to its claims, the desirable thing, of course, is not to endeavour to proceed with it at all for to proceed with it at all would at once invite the suggestion that invidious distinctions were being made between British Columbia and the other eight provinces, as the other eight provinces were sharing the losses with other creditors and making their sacrifice, if you call it such, in taking less than one hundred cents on the dollar on debts due to them by debtors, whether taxes or otherwise. The province of Ontario through its constituted authority has been willing to have such matters dealt with by the board of review; Alberta, the neighbouring province to British Columbia, has been willing that their claims shall be dealt with in that way. Where debts were due to the crown in the right of the province, without in any sense admitting that it had attorned to the jurisdiction in the sense of admitting that the parliament of Canada had a paramount right so to legislate, the other provinces were willing to accept and have accepted the arrangements so made by the board of review. They believed that if the act were to be effective in respect to ordinary creditors, loan companies, banks and private individuals who were compelled under it to accept a much less percentage for their interest than provided in the documents, in many instances compromising at fifteen, twenty or twenty-five per cent reduction, then obviously the province, as a creditor desirous of helping its own citizens to deal with complex and difficult problems in connection with farmers, created many years ago must not rely solely in its strict legal right as the crown with the priorities that attach thereto, and having so expressed their willingness and acted accordingly, if one province says it will not do so and its attorney general launches an action to say that the power of the crown in the right of the province shall not in any sense be interfered with in the sense of making any compromise, voluntary or otherwise, then, of course the duty of the federal power is not to create invidious distinctions between the provinces but to withdraw and leave it for the province itself to make such adjustment with its own citizens as it thinks desirable. We availed ourselves of the provisions of the Bankruptcy Act after the Supreme Court of Canada, as I explained yesterday on a stated case following the decision of the privy council, had concluded we had the right to make certain arrangements without going through bankruptcy proceedings, to enable farmers to secure the benefits which were secured to companies' creditors, preferred and otherwise, as indicated in the stated case. In order that they might receive these benefits we passed this statute; that is that farmers might have the benefit of bankruptcy without going through the bankruptcy court. The crown in British Columbia having taken the view that it has taken, it is not for us to quarrel with them, they are nearer the spot, they are on the ground, they know the views of their fellow citizens. If their citizens desire that they should not have the benefit of this legislation unless

the crown itself shall also compromise with them—because if a loan company in eastern Canada or a private lender or a bank with its branch in Vancouver is compelled to settle its claim with its debtor at sixty cents on the dollar, but the crown with its claim says: We must have one hundred cents on the dollar, and is insistent in that regard, then, of course, you have destroyed any possibility of there being a settlement. And as any possibility of settlements being destroyed would result in the act being nugatory, it is felt that the act should not be applicable to that province. That is the position. None other. There is no desire in any sense to lessen the operation of the act from one end of Canada to the other, but to prevent the act, the effect of which is being destroyed by the action taken in British Columbia, remaining there as a standing menace to its successful operation in other provinces which have acted upon the assumption that it is desirable that the crown should compromise as well as other creditors.

The Supreme Court of British Columbia, presuming the injunction is made permanent, will not have decided the matter for the rest of Canada. If the injunction is made permanent without a defence, it is the judgment of a single judge sitting in an undefended action, which never has been regarded as being a precedent in any country, in any court, not even in the courts in the province itself in which such a decision is given.

Hon. ERNEST LAPOINTE (Quebec East): If the doctrine laid down by the Prime Minister (Mr. Bennett) is to be accepted I am afraid it may create countless difficulties and involve this country in many troubles. The province is challenging the validity of federal legislation; is doing so before a single judge as the Prime Minister says. But all litigation in our country starts before a single judge, and then goes to higher courts. If because a province acts in that way the federal parliament will legislate that province out of the operation of a federal act, where will that course end? Would the same principle apply to the various pieces of legislation enacted during the course of the present session? I know provinces which claim that our bills passed this session on hours of labour and minimum wages and even unemployment insurance are not intra vires of this parliament. If any one of them starts litigation to have the courts decide on that matter will this parliament exclude that province from the operation of the act? What about taxation? If any province claims that a certain tax which is imposed by this parliament is ultra vires of the power of this parliament, will that province be excluded from the operations of that act and be exempt from taxation? Well either the present government of British Columbia is right in this matter or it is wrong. If it is right, whatever we do here, whether we exclude it and let the act apply in the rest of Canada, the legislation is invalid and not binding upon any Canadian citizen. If it is wrong why should the citizens of that province be excluded from the advantages, if there are any, of this legislation? The Prime Minister talks about the autonomy of the provinces; yes, but the central government also is autonomous within the limits of its jurisdiction. Our confederation charter has created a distribution of power, within the limit of its jurisdiction the central government is autonomous and its legislation operates directly on the individuals in all provinces, without the help or medium of the local governments. I claim the hon. member for Vancouver Centre (Mr. Mackenzie) is quite right when he says that this is sectional legislation. If we are to take this course in this matter why not in all other matters? I well remember some legislation of this parliament to which the whole population of the province from which I come were opposed, but nobody thought of excluding that province from the operation of that legislation. It is a bad principle, it is a vicious precedent, it does not make for national unity, but for national disruption. Therefore I shall vote for the amendment.

Mr. S. W. JACOBS (Cartier): Mr. Speaker, I was not impressed by the argument advanced this afternoon by the Prime Minister (Mr. Bennett). This measure is purely of a punitive nature; that can be gathered from the remarks let drop by the Prime Minister this afternoon. I fear that this long session, which has lasted for more than six months, has frayed the nerves of this house. Legislation of this kind is not usually brought in during the early part of a session, it is the result of too much application to the work of the session during this long period.

I did not find an answer made by the Prime Minister to the remarks of the hon. member for Vancouver Centre (Mr. Mackenzie), who said—and I was very much impressed by his statement—that this was a piece of sectional legislation. As you know, Mr. Speaker, sectional legislation already applies to the province of British Columbia. Who can say that next year, should this government be in power—which God fobid—this sort of legislation will not be applied to the province of Quebec? I well remember when

the legislation with regard to bankruptcy was first mooted. It was brought about through the efforts of the Canadian Bar Association, of which at one time the Prime Minister was president and of which he is now honorary president. The first efforts were in the way of attempting to obtain uniform legislation with regard to bankruptcy for the whole of Canada. We have that right under the British North America Act; in fact the parliament of Canada has the exclusive right to legislate with respect to bankruptcy. If the province of British Columbia is to be deprived of the opportunity of sharing in that legislation, what is it to do? I cannot believe that the Prime Minister has carefully thought out the matter, because as a rule he knows his law perhaps as well as any man in the Dominion of Canada. How is it possible for the people of British Columbia to obtain the advantages of such legislation if the parliament of Canada declares that it is going to give its sanction to the putting through of legislation of this kind? That province becomes practically a step-child; nothing can be done for it.

There is a wider question, however, creating a condition whereby one province is, I might say, publicly spanked by this parliament as a warning to others not to indulge in the same way of treating dominion legislation? What is going to happen? I remember that in 1915 and 1916 we were trying to obtain the goodwill of the province of Quebec in the matter of bankruptcy legislation. We had all kinds of meetings; we had conferences; we had hospitality extended by the present Prime Minister and others, in order that the people of the province of Quebec and elswhere might see the sweet reasonableness of our proposed bankruptcy act. We pointed out to the people of Quebec that this was not an encroachment on the rights of the province, that we did not intend to interfere in any way with their civil law, but that it was a matter of dominion application and that it was something for the benefit of the whole country. I well remember how the pundits of the bar of the province of Quebec, Sir Lomer Gouin, Mr. Taschereau and others, looked with a great deal of suspicion on any efforts to bring about this sort of uniformity. They felt that it was the thin end of the wedge and that in due time the whole province of Quebec would be placed under the jurisdiction of the common law. We made them believe, and they did believe as was the fact, that there was no such intention at all.

Now, however, as my hon. friend the Minister of Finance (Mr. Rhodes) said yesterday, we have a thunderbolt from the blue. In its boldness British Columbia has presumed to declare that in certain parts of the act we have proceeded illegally, and that the province of British Columbia has certain rights which it wishes the court to declare and decide. Surely it cannot be an offence to ask the courts of this country to declare what is or what is not illegal; this is the first time I have heard a statement of that kind made in this house. They have the right to appear before the courts and plead their case, and if it should be found that we have proceeded illegally certain measures can be taken. This bill never should have been brought into the house; the matter is now sub judice, but notwithstanding that the Prime Minister and the government declare that hereafter, when a province refuses to conform as it is claimed it should, it will be placed in the same position. I cannot believe that the government is in its real senses in putting a measure of this kind on the statute books. Perhaps the rule of those whom the gods would destroy they first make mad applies here.

An hon. MEMBER: It is an act of madness.

Mr. JACOBS: It is an act, anyway, with which we do not agree. This morning, when I considered the position in which we have been placed in regard to this question, I thought of the famous nursery rhyme, which might be paraphrased in this way:

Eight little provinces all in a row,
One would not do as it was told, so it had to go.

Some hon. MEMBERS: Nine provinces.

Mr. QUINN: Did they have to tell you there were nine provinces of Canada?

Mr. JACOBS: I think I did know there were nine, but when this bill passes there will be only eight. When this act passes—and I feel that it will pass, because I have no illusions that anything I may say will interfere with the passage of the measure—we will be reduced to the position of the children in the nursery rhyme. This is something that has never been heard of before. What is going to happen, for instance, if to-morrow the province of Quebec declares that it agrees with the province of British Columbia? Are we going to disqualify the province of Quebec? I do not think we will do that; I hardly think even the Prime Minister is quite so bold as to want to place the province of Quebec in the some category as the province of British Columbia, though it does

happen just now to have a government which does not see eye to eye, on the surface at least, with the federal government.

Mr. DUPUIS: It might happen to New Brunswick to-morrow.

Mr. JACOBS: I hope it will happen to-day. Surely the Prime Minister does not wish to undo the work he has done so effectively during the last eighteen or twenty years in connection with the Canadian Bar Association. We were formed especially for this purpose of bringing about uniformity and non-sectional legislation throughout the Dominion of Canada, but by this very act the Prime Minister is undoing the splendid, constructive work for which he has been given credit by the bar association for all these years. I entreat the Prime Minister to give a little further thought to this matter. Perhaps it might go over until Monday, if we are going to sit that day. Monday is Dominion day, the anniversary of the day when all the provinces were brought together, and I do not really think the Prime Minister can put through a piece of legislation like this at a time when we are about to celebrate the great natal day of the Dominion of Canada.

Hon. J. C. ELLIOTT (West Middlesex): Mr. Speaker, I come from one of the other provinces but I agree heartily with the amendment moved by my hon. friend from Vancouver Centre. I would point out to the Prime Minister (Mr. Bennett) that he was hardly doing justice to the house in his manner of introducing his objection to this amendment. He referred to the litigation being launched in the way in which it was launched. Does he mean by that that when a province desires to object to the constitutionality of any legislation it can only do so in a certain manner? Is he stating that if a writ is launched as this writ was launched, this house will not tolerate it?

I should like to point out what the effect will be upon the other provinces if this bill goes through. The Prime Minister said that if it is undefended, if no litigation arises from it, it will not have the same effect throughout the west of Canada that it would have had had it been fought out. From his experience he must know that exactly the opposite result would occur. Suppose someone in Ontario objects to submitting to an order of the board. They will say that a writ was issued by the province of British Columbia questioning the validity of this legislation and that the dominion government did not even defend the action with the result that a judgment was given against the validity of the legislation. The effectiveness of this legislation throughout the rest of Canada will be largely gone. During the stress and strain through which this country is going there is no time for friction between the dominion government and the government of a province that happens to be represented by another political party.

An hon. MEMBER: What was it started for?

Mr. ELLIOTT: Some hon. member asks: What was it started for? It was started as an exercise of the rights which everyone has before the courts of this country. The remark of the hon. gentleman was perhaps the best argument that could be given in favour of this amendment. It indicates the attitude of the government.

Mr. COTNAM: How about Hepburn's action?

Mr. ELLIOTT: Another hon. member has exactly the same viewpoint. He feels that unless the province falls down and worships everything done by this government it should be put out of the confederation. To ask why this action should have been started is about the most senseless question I have ever heard.

Mr. BENNETT: The Ontario government would not even let them go to the courts.

Mr. ELLIOTT: We should not consider this as a family quarrel. If this litigant has not started this legislation with the meekness and humility due from a province to the dominion, perhaps it will change the endorsement on the writ to more polite terms. I submit we should agree with the suggestion that this matter should not be pressed at the present time. Perhaps it will be a little cooler next week and a Sunday will have intervened. It is possible that those who are now taking this very severe view may revise their idea and not ask that this legislation be proceeded with at the present time.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, this is largely but not solely a legal matter and there are other aspects which should be considered. Personally I should like to see the constitutionality of this legislation upheld. I am almost inclined to think that British Columbia is getting what is coming to her but I cannot see that this is a proper way to handle this matter. Either this legislation is intra vires or it is not and it seems to me that the courts

should decide the matter. If the courts have the authority as the Prime Minister (Mr. Bennett) has said so frequently they should have, I cannot see why this matter should not go to them to be decided. By means of an injunction British Columbia will not be receiving the benefits of this act and there is no need for haste with regard to the matter. The Prime Minister has stated, if I understand him aright, that the action of the courts might leave some doubt as to the constitutionality of the legislation but I am rather inclined to think that to settle the matter in this way will leave considerable doubt as to the constitutionality of the legislation as it affects all the provinces. Such action may affect this and other acts, not merely in British Columbia but throughout the whole of Canada. It must be remembered that British Columbia has taken this action only because she wished to safeguard her provincial rights in certain cases and if this legislation is proceeded with by this government it will undoubtedly penalize the farmers of British Columbia who might need the benefits of the act. Under these circumstances I do not think it is fair to press the matter at the present time.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, I spoke briefly on this matter yesterday but after listening to the remarks of the Prime Minister (Mr. Bennett) and the Minister of Finance (Mr. Rhodes) I have not been able to alter my opinion. It seems to me that this bill can do no good and it may do considerable harm. If the province succeeds to-day in its action then it will be excluded from the operations of the act and this bill will be unnecessary. If the province fails in its action, the legislation passed last year will apply and should this bill be passed we would be placed in the position of depriving the farmers of British Columbia of a share in the benefits of that legislation. I do not want to misquote him, but I understood the Prime Minister to say that the government of British Columbia having taken the action which it has, must be responsible for depriving the people of the benefits of the act. Surely this government and this parliament have some responsibility to the farmers of that province. Because the province has taken a wrongful step is no reason why the farmers of that province should be punished by not being allowed the benefits of the act. It seems to me that if the action on the part of the province succeeds—and this is my reason for making my statement now—you do not need this bill, and if it does not succeed you do not want this bill because you do harm to the province of British Columbia or to the individual farmers of that province.

The house divided on the amendment (Mr. Mackenzie, Vancouver), which was negatived on the following division:

YEAS

Messrs:

Ahearn	Hurtubise
Bertrand	Jean
Bothwell	King, Mackenzie
Boucher	Lapointe
Boulanger	Mackenzie
Bradette	(Vancouver Centre)
Brown	McKenzie (Assiniboia)
Campbell	McKinnon
Cardin	McPhee
Casgrain	Mercier (St. Henri)
Deslauriers	Mills
Donnelly	Motherwell
Duff	Munn
Dumaine	Neill
Elliott	Parent
Fafard	Perras
Fontaine	Reid
Fournier	Rennie
Fraser (North-	Rinfret
umberland, O.)	Séguin
Garland (Bow River)	Stewart
Girouard	(Edmonton West)
Golding	Taylor
Goulet	Thauvette
Hall	Totzke
Hanson (Skeena)	Vallance
Heaps	Weir (Macdonald)
Howden	Woodsworth—53.

NAYS

Messrs:

Arthurs	Laflèche
Baker	Larue
Barber	Laurin
Beaubier	Loucks
Belec	Luchkovich
Bell (Hamilton West)	Macdonald (Kings)
Bennett	MacMillan (Saskatoon)
Bourgeois	MacNicol
Bowen	McGillis
Boyes	McGregor
Bury	McLure
Cahan	Morand
Cantley	Mullins
Carmichael	Murphy
Chaplin	Peck
Church	Perley (Qu'Appelle)
Cotnam	Plunkett
Davies	Quinn
Dickie	Ryerson
Duguay	Sauvé
Duranleau	Shaver
Edwards	Short
Embury	Simpson
Ernst	(Simcoe North)
Fortin	Simpson
Gagnon	(Algoma West)
Garland (Carleton)	Smith (Cumberland)
Gobeil	Spence
Guthrie	Spencer
Hackett	Sproule
Hay	Stanley
Irvine	Stewart (Leeds)
Johnstone	Stewart (Lethbridge)
Kennedy	Stinson
(Peace River)	Stirling

Stitt (Nelson)	Weir (Melfort)
Sutherland	White (Mount Royal)
Swanston	Willis
Thompson (Lanark)	Wilson
Turnbull	Wright—78.
Weese	

PAIRS

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

Messrs:

Anderson (Toronto-High Park)	Mulock
Anderson (Halton)	Factor
Arsenault	MacInnis
Baribeau	Beaubien
Barrette	Rhéaume
Bell (St. Antoine)	Raymond
Bell (St. John)	Dubois
Beynon	Euler
Burns	Butcher
Casselman	Howard
Charters	Blair
Cowan	Ilsley
Dorion	Verville
Dupré	Ferland
Esling	Hanbury
Fraser (Cariboo)	Speakman
Ganong	Michaud
Geary	Mercier (Laurier-Outremont)
Gordon	Fiset
Gott	Rutherford
Hanson (York-Sunbury)	Veniot
Harris	Jacobs
Jones	MacLean
Kennedy (Winnipeg)	McIntosh
Lawson	Gray
MacDonald (Cape Breton)	Urquhart
McDade	Dupuis
McGibbon	Power
Maloney	Young
Manion	Chevrier
Matthews	Moore (Ont.)
Moore (Châteauguay-Huntingdon)	Dubuc
Perley, Sir George	Marcil
Pettit	Bouchard
Porteous	Macphail, Miss
Rhodes	Ralston
Ross	Roberge
Rowe	Lacroix
Senn	Sanderson
Smith (Victoria-Carleton)	Gardiner
Smoke	Pouliot
Spotton	MacMillan (Mackenzie)
Stevens	Malcolm
Stitt (Selkirk)	Weir (Macdonald)
Sullivan	Brasset
Tummon	St-Père
White (London)	Gershaw.

Mr. MATTHEWS: I was paired with the hon. member for Ontario (Mr. Moore). 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 against the amendment.

[Mr. Euler.]

Mr. ROSS: I was paired with the hon. member for Megantic (Mr. Roberge). Had I voted, I would have voted against the amendment.

Mr. SENN: I was paired with the hon. member for South Perth (Mr. Sanderson). Had I voted, I would have voted against the amendment.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted, I would have voted against the amendment.

Mr. MacDONALD (Cape Breton): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted, I would have voted against the amendment.

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

Mr. ESLING: I was paired with the hon. member for Vancouver-Burrard (Mr. Hanbury). Had I voted, I would have voted against the amendment.

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

Mr. ANDERSON (Toronto-High Park): I was paired with the hon. member for North York (Mr. Mulock). Had I voted, I would have voted against the amendment.

Mr. SPOTTON: I was paired with the hon. member for Mackenzie (Mr. MacMillan). Had I voted, I would have voted against the amendment.

Mr. PORTEOUS: I was paired with the hon. member for Southeast Grey (Miss Macphail). Had I voted, I would have voted against the amendment.

Mr. MOORE (Châteauguay-Huntingdon): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted, I would have voted against the amendment.

Mr. GARDINER: I was paired with the hon. member for Victoria-Carleton (Mr. Smith). Had I voted, I would have voted for the amendment.

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

Mr. MALCOLM: I was paired with the hon. member for East Kootenay (Mr. Stevens). Had I voted, I would have voted for the amendment.

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted, I would have voted for the amendment.

Mr. ILSLEY: I was paired with the hon. member for Port Arthur-Thunder Bay (Mr. Cowan). Had I voted, I would have voted for the amendment.

Mr. RALSTON: I was paired with the Minister of Finance (Mr. Rhodes). Had I voted, I would have voted for the amendment.

Mr. FACTOR: I was paired with the hon. member for Halton (Mr. Anderson). Had I voted, I would have voted for the amendment.

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

Mr. BEAUBIEN: I was paired with the hon. member for Champlain (Mr. Baribeau). 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 for the amendment of my hon. friend, the member for Vancouver Centre (Mr. Mackenzie).

Mr. BARRETTE (Translation): I was paired with the hon. member for Saint Johns-Iberville (Mr. Rhéaume). Had I voted, I would have voted against the amendment.

Mr. DESROCHERS (Translation): I was paired with the hon. member for Essex West (Mr. Robinson). Had I voted, I would have voted for the amendment.

Mr. RAYMOND (Translation): I was paired with the hon. member for Saint-Antoine (Mr. Bell). Had I voted, I would have voted for the amendment.

Mr. DUPUIS (Translation): I was paired with the hon. member for Northumberland, N.B. (Mr. McDade). Had I voted, I would have voted for the amendment.

Sir EUGENE FISET (Translation): I was paired with the hon. Minister of Labour (Mr. Gordon). 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 against the amendment.

Mr. CHEVRIER (Translation): I was paired with the hon. Minister of Railways (Mr. Manion). Had I voted, I would have voted for the amendment.

Mr. DUBOIS (Translation): I was paired with the hon. member for St. John-Albert (Mr. Bell). Had I voted, I would have voted for the amendment.

Mr. SPEAKER: The question is on the main motion. Shall the motion carry?

Mr. MACKENZIE (Vancouver): On division.

Motion agreed to on division and bill read the third time.

DOMINION FRANCHISE ACT

CONCURRENCE IN SENATE AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 109, to amend the Dominion Franchise Act.

He said: The amendment made by the Senate will be found in the votes and proceedings of this day. For the word "except" they substitute the word "unless," so that in the seventeenth line it will now read, "unless evidence satisfactory to the judge has been adduced."

Mr. WOODSWORTH: Can the Secretary of State give us an idea of the legal difference?

Mr. SPEAKER: Shall the motion carry?

Mr. CASGRAIN: On division.

Motion agreed to on division; amendment read the second time and concurred in.

MORTGAGE CREDITS FOR FISHERMEN

Hon. GROTE STIRLING (Acting Minister of Fisheries) moved the second reading of Bill No. 120, for the purpose of establishing in Canada a system of long term mortgage credit for fishermen.

Mr. WILLIAM DUFF (Antigonish-Guysborough): A few days ago the Minister of National Defence, who also happens to be acting Minister of Fisheries, placed on the order paper a resolution upon which this bill, No. 120, is founded. After reading the resolution not only once, but several times,

and after consulting with several hon. members regarding it, I came to the conclusion that it was not very clear. It reads:

Resolved, that it is expedient to bring in a measure for the purpose of establishing a system of long term mortgage credit for fishermen, under the administration of the Canadian farm loan board, and to authorize the government of Canada to provide initial capital in an amount not exceeding three hundred thousand dollars,—

If the resolution had stopped there and if the amount instead of being $300,000 had been very much larger, it would have been fairly satisfactory; but it goes on to say:

—and to subscribe an amount of five per cent of the capital stock as loans are made—

Whether the capital stock is to be $300,000 or a larger amount, the resolution is not very clear, but if the government is going to subscribe five per cent on only $300,000, that will mean that all it will subscribe will be the small sum of $15,000.

The Minister of National Defence is not satisfied to stop there. The resolution continues:

—to purchase fishermen's long term loan bonds in an amount not exceeding five hundred thousand dollars; and to guarantee the principal and interest of such bonds to an amount not exceeding one million dollars.

In other words, the government or the Canadian farm loan board can purchase $500,000 worth of fishermen's long term loan bonds, and whether out of this $500,000 or another million dollars, the government can also guarantee the interest and principal of such bonds to be an amount not exceeding $1,000,000. If we take this resolution at its very best; if we give it the greatest amount of longitude and latitude, the most that we can make out of it is that the government is arranging through no less an organization than the Canadian farm loan board for loans to fishermen. It seems to me that some other method or means should have been adopted than to give to the Canadian farm loan board the matter of dealing with this very important question. The farmer should hoe his own row and the fisherman should plough the billowy main. Instead of this, Bill No. 120 coming under the farm loan board should as a courtesy at least to the great fishing industry of this country come under a special commission or board or be dealt with by the fishery organization in the government even if that organization is not as complete as it might be.

Bill No. 120 is based on this resolution and carries out some of the matters referred to in it. As I said a moment ago, under this bill this matter is to be dealt with by the Canadian farm loan board under the Canadian Farm Loan Act. If hon. members will look at this bill and compare it with the Canadian Farm Loan Act, they will find that this bill is copied almost word for word from the Farm Loan Act. The only practical difference I can see, with a few exceptions, is that the word "fisherman" is substituted for the word "farmer" in a few cases.

What are the provisions of this bill? I am going to refer first to the amount involved or the amount which may be loaned under this measure to the fishermen of this country. Before I proceed with that, may I be permitted to say that in my opinion the fishing industry has at the present time greater possibilities than any other natural industry in this country. It is an industry which with a little encouragement with regard to administration, loaning of moneys, or obtaining markets has tremendous potentialities. This house voted $90,000,000 toward the farm loan board and loans to farmers, to which I am not objecting; the other day it was estimated that it would cost $10,000,000 for a housing scheme; last year we voted $40,000,000 for public works, a special amount in addition to the regular estimates, both main and supplementary and this year we have voted another $30,000,000 for public works, so that in two years we have voted about $80,000,000 for that purpose; yet the Minister of National Defence introduces this resolution and bill whereby the great fishing industry—and although I am giving the legislation the widest interpretation, I cannot make the amount larger—is entitled to the paltry sum of $1,800,000. That is almost an insult to the great fishing industry of this country.

Last year there were some 65,506 fishermen engaged in this industry, this number being distributed as to provinces as follows:

Province:	Number of fishermen
British Columbia	11,066
Quebec	13,627
New Brunswick	12,289
Nova Scotia	17,133
Prince Edward Island	3,194
Manitoba	2,822
Saskatchewan	614
Alberta	743
Ontario	3,984
Yukon	34

It is true that in the last two or three years, due to certain conditions which I need not elaborate at this particular moment, the fishing industry has fallen off much more than it should. But I remember in 1930 the Prime Minister spoke in Halifax, and I want to

refer to the statement he made then because of the small amount which this resolution and bill calls for. In his address in that city he promised that "he would throw the whole financial power of the state behind the fishing industry." Now, after five years, in the dying days of this parliament and after parliament has been sitting almost six months this year, the government has come down with this bill. I might refer to it as a six-month's conception bill, whereby they are only going to arrange for the fishermen to borrow $1,800,000.

The Prime Minister also said he would throw the whole financial power of the state behind the fishing industry. He said:

I must not lightly make statements that I am not prepared to the last syllable to carry into effect.

Well, how is he carrying into effect the statement he made in Halifax that he would throw the whole financial power of the country behind this great industry? Here is what has happened in the last five years:

Value of Fisheries of Canada

1929	$53,518,000
1930	47,804,000
1931	30,517,000
1932	25,957,000
1933	27,558,000

So, in spite of the promises that the Prime Minister made to the fishermen of this country, whether on the Atlantic, the great lakes or the Pacific, the falling off in value of fisheries in those five years is almost fifty per cent. Therefore I say the Prime Minister has not carried out his promise. But to-day, when this parliament is almost over and the government realize that they must go to the country and face the electors in a few weeks, the Minister of National Defence comes down with this sop legislation in an endeavour, I presume, to get the votes of the fishermen. But let me say to him and to this government that the fishermen of this country are not going to be fooled by this legislation.

I cannot deal with all the sections, it would take too long, so I am only going to deal with one. Clause 6 says:

Loans made under the authority of this act shall be subject to the following conditions:—
(a) loans shall be made only on the security of first mortgages on fisherman's lands—

I call attention to that.

—not exceeding fifty per cent of the actual value of such lands and the buildings thereon as appraised by the board.

Now that certainly is a great handout to the fisherman of Canada. He is going to be compelled to give security on his land, if he has any. Then we go further:

Provided that no one person and no two or more persons having joint or several ownership of the land to be mortgaged shall have by way of loan in the aggregate at any one time more than one thousand dollars.

Is not that wonderful legislation for our fishermen? Is not the government generous? They are going to give the fisherman not more than one thousand dollars to build a vessel, a boat or buy gear or do something else in connection with his business, but, they say, before we give you that thousand dollars you must mortgage any land you have, and if you have not any land you cannot get the thousand dollars to help you prosecute this industry, to start you young men who are coming along, aged nineteen, twenty, twenty-five. You must go out first and get a house and land. The result will be that this bill is absolutely worthless. I say to the Minister of National Defence that this bill as far as the fishing industry is concerned is a sham, a mockery, it is useless, because I am very doubtful if ten per cent of the fishermen, the sixty-six thousand men in that industry, in their present condition, would mortgage their real estate if it were possible so to do. And there are thousands of men in the fishing business who have no real estate. We know that the fishing game is a young man's game. It is true the old men have to go fishing with their sons and the young boys, nevertheless if we are ever going to put this industry on a proper plane it must be carried on by young men. Young men have no real estate, own no land, but the Minister of National Defence comes along and says: We will lend you one thousand dollars if you will give us two thousand dollars security on your real estate. Let us assume for a moment that they have real estate, what is going to happen? Take the deep sea fishing industry. For many years we have had in Nova Scotia a cooperative scheme. These fishing vessels and boats are built under such a scheme. There are sixty-four shares in one of these vessels. The vessels are about 150 tons gross and when built and ready for fishing carry some twenty men. To-day a vessel of this description with auxiliary power will cost about $32,000. In the past the scheme has been that some young man who wants to get on in life goes around among his friends and neighbours and asks for subscriptions for one or more shares in the vessel. Suppose that under this scheme thirty-two men decide to build a fishing schooner costing $32,000. Assume that they

all have real estate; the Canadian farm loan board would take thirty-two mortgages on thirty-two pieces of land, thirty-two real estate properties, in order to help build a $32,000 vessel. The thing is ridiculous. I say that under this act the government will never spend any money, because nobody will be able to take advantage of it. And the same thing applies to smaller vessels. If men want to build boats or get gear to carry on the industry they will be unable to take advantage of this act for two reasons; because a lot of the younger men have no real estate, and those who have, if it is clear of mortgage, need to keep it clear in order to maintain their credit, to carry on their business and to look after their families.

There is only one way to handle this matter. Even if it were a good bill nothing could be done under it in the next two or three months. If the government had been sincere in this legislation they should have introduced it last January or February, when parliament opened, for everyone knows that the fishing season starts at that time. Whether in Nova Scotia or British Columbia or on the great lakes, getting new boats built, repairing nets or traps or gear, is done during the winter season so that they are ready when the ice goes out on the great lakes or the season starts in the maritimes or British Columbia. So this legislation even if it were good would be absolutely useless as far as 1935 is concerned. I say that the proper thing to do is to withdraw this bill. It is not in the best interests of the fisheries, it is legislation under which not one dollar can be borrowed as far as this year is concerned. Instead of legislation copied almost word for word from the Canadian Farm Loan Act, when the election is over and a new government is elected and a new Department of Fisheries is constituted that department should settle down and consult with practical men and find out what is in the best interests of the fisheries. I should like to know who suggested legislation such as this. I have no hesitation in saying that my friend the hon. member for Digby-Annapolis (Mr. Short)) was not consulted, because he is a practical man, he knows what should be done in the interests of the fisheries, and we all regret that he is not going to run in this election. He has given the best years of his life to the fishing industry and for a number of years has sat in this parliament and given it the benefit of his counsel as far as fishing is concerned. We all hope he will be translated to a higher sphere and that the public will not lose the benefit of his services.

[Mr. Duff.]

We hear a great deal of talk these days about guarantees or bonuses on wheat and other things; we hear whisperings about setting a minimum price on wheat. If this government is sincere in its desire to help the fishermen I should like to ask the minister why this bill does not contain a clause giving a bonus to fishermen or setting a minimum price for fish. Let me tell my hon. friend that in France to-day the fishermen receive from the federal government forty francs per quintal, or the equivalent of $3 in Canadian funds, in order to help the fishermen and increase the number of those who go down to the sea in ships. That is what the French government has done, but all the acting Minister of Fisheries gives us is a bill copied from the farm loan bill, substituting the word "fishermen" for the word "farmer."

It may be said that we have not taken advantage of our opportunities in this house to bring forward suggestions. Let me say that four months ago in the select standing committee on marine and fisheries I gave notice of the following resolution:

Whereas the fisheries of Canada are in a very unsatisfactory condition due to the depression and other causes;

And whereas for a number of years the fishermen of Canada have not been able to make sufficient money from their avocation to properly look after their families and keep their boats and fishing gear in a satisfactory condition;

And whereas the fishing industry is capable of great development if some encouragement is given this primary industry of Canada;

Therefore be it resolved that this select standing committee on marine and fisheries memorialize the government and House of Commons of Canada to bring down and enact legislation whereby a sum up to and not exceeding ten million dollars will be loaned to the said fishermen and fishing industry, under proper regulations, for the purpose of providing money to build boats and vessels, purchase gear, et cetera, erect bait and cold storage plants, provide a bounty to ship builders to build fishing vessels, and a bounty or bonus of so much per one hundred pounds on fish caught by the fishermen as well as for any and all other purposes which may be deemed in the interests of this great industry.

I hope hon. members will not think me boastful or egotistical if I say that in a small and modest way during the time I have been in this parliament I have endeavoured to advocate certain things in the interests of this great industry. I may be asked why, after giving notice of this resolution, I did not ask the select standing committee to consider it. There were several reasons. One was that shortly after I gave the notice we had the long adjournment of five weeks. Then, after giving the matter further consideration, I felt

that if I brought up this resolution in committee and had it discussed there, being a member of the opposition, perhaps the government, from their own political standpoint, might not want me to get any credit for it. So, being a fairly good politician, I decided that discretion was the better part of valour, and I considered that by filing the notice with the committee I had done enough to bring the matter to the attention of the government. And in all modesty, sir, I suggest that the bill now before us insufficient as it is, has been brought in at the last moment because of the action I took suggesting that $10,000,000 be voted by this parliament for the fishermen.

I say $10,000,000 is a small amount to spend in order to help the fishing industry of this country. As I have said, there are 65,000 fishermen in Canada. Under this legislation, making the very best of it, all we can hope for is that the government, through the farm loan board and other people, will arrange to loan the fishermen $1,800,000. That is only $1,000 each for 1,800 fishermen. It may be argued that not more than 1,800 fishermen could or would take advantage of this act even if it were not drafted as it is. I have some knowledge of the matter, and I am sorry to say that the fishing industry is in such a state, due to the depression, to the falling off of markets and to the prices received for fish in the last few years, that these fishermen are in dire need of assistance from this government or some other source. Therefore I say that even if this legislation was of such a type that the fishermen could take advantage of it, $1,800,000 is not nearly enough to be of any benefit to this great industry which is scattered from the Atlantic to the Pacific.

Therefore I say, Mr. Speaker, that the minister should withdraw this legislation; he should not proceed with it because, as I said a moment ago, it will be of no value because the amount is too small and because the fishermen will not be able to take advantage of it due to the clause which provides that they must give first mortgages on their land. Let me say to the minister that if he is determined to go on with this legislation, section 6 should be removed. The only right way to loan money to fishermen is on the goods or chattels which they buy with the money loaned to them. Let the government take chattel mortgages if they loan fishermen $1,000 or $5,000.

Mr. MacDONALD (Cape Breton South): And have them carry insurance.

Mr. DUFF: I am coming to that. First I say $1,000 is a ridiculously small amount. How many schooners of one hundred tons can be built for that sum? How many schooners of even twenty tons can be built for $1,000? There should be no specific amount stated in this bill. Whether the amount loaned is $5,000, $10,000 or $20,000, my suggestion is that the government should insert a clause providing that they will loan up to seventy-five per cent of the value of the boat and gear, take a chattel mortgage or bill of sale, register the security and then take out marine insurance up to the amount advanced. That is the only sensible and sane way to do it.

Mr. ERNST: Would the hon. member permit one question for the sake of information? Where would he draw the line that is, what about the small boats which cannot be insured?

Mr. DUFF: I am afraid my hon. friend is mistaken; small boats can be insured. Every boat can be insured; under an amendment passed several years ago—perhaps my hon. friend does not know this—you can register a boat from one ton up. I remember we changed it from five tons to one ton. Even if they were not registered I say there would be no difficulty in having the boats insured, not only in regard to marine insurance but also in regard to fire and accident insurance. I say to the minister that this is the only sensible way to proceed if he is sincere in his desire to help the fishermen of this country. I hope he will give me credit for being serious in this matter and for desiring to help the fishermen just as much as he does, because together with other hon. members I have advocated this for the last number of years and have been vitally interested in the industry for 40 years in a business capacity. I say the only way to help the fishermen is to drop clause 6, draft a business like clause and not put such a low limit on the amount that may be borrowed. Loan the fisherman 75 per cent of the value of his boats, his gear or other equipment and take a chattel mortgage to ensure repayment. That is the only sensible way to do it because as this bill now is it will prove absolutely useless as not ten per cent of the fishermen could give lands and real estate as securities. As I said before, it would be absolutely ridiculous to have ten, fifteen or twenty people give mortgages on ten, fifteen or twenty different pieces of land in order to secure a loan to build a boat.

This bill has been introduced at this late date when no benefits can be provided for the fishermen. The construction of new boats

will not be started until November or December and we will have to have an election by that time. I do not intend to discuss politics but in my opinion it will be necessary to hold a fall session after the elections and when parliament reassembles at that time the minister, whoever he is, can bring in a bill to provide relief for the fishing industry. We are voting all kinds of money in the supplementary estimates and only a paltry $1,800,000 is being arranged for the fishermen of this country. In addition to what was voted in the main estimates, we are being asked to vote $1,651,000 in the supplementaries for national defence. We are being asked to vote $145,000 for naval services and $1,302,900 for aviation. These large sums are to be voted for other purposes but only $1,800,000 is to be arranged for the fishermen and then they must give bonds, mortgages and go through all sorts of manoeuvres to get their money. An additional amount of $200,000 is to be provided for the tariff board when we understood that that board was going to do this extra work for nothing; a million dollars is to be voted for the administration of the Natural Products Marketing Act in addition to what was voted in the main estimates, and yet the 65,000 fishermen will have to be content with a paltry $1,800,000. Another $100,000 is being voted for national research but it would be better to give this money to the fishermen and let them do some research work on the Grand Banks, Quero and LaHave. Considerable sums are to be voted for other purposes but the fishermen must be satisfied with this camouflaged legislation which will prove absolutely useless.

When this bill becomes law it is to be administered by the Canada farm loan board. I have nothing against the gentlemen who compose this board; they may be fully conversant with agriculture, horticulture and all the rest of the cultures, but they are not fishermen. We have Major Barnett from Saskatchewan who will be carrying out the provisions of this monstrosity which I hold in my hand. Then we have another gentleman, Mr. MacLean. No doubt he knows his business and possesses excellent qualifications but I do not think this board should deal with the granting of loans to fishermen. There is also a Mr. Duquette of Montreal, but I do not know this gentleman. It may be said that this board will be a central board in Ottawa but it will be in control of these operations. The work will be done by the provincial representatives of the board. A gentleman was appointed in Halifax, whom I shall not name, as provincial representative of the board. This gentleman does not know a kyak from a mackerel, yet he will be the chief man in Nova Scotia to decide whether or not fishermen are to receive loans for the purchase of boats, gear and other things. This whole thing is ridiculous and I ask the Minister of National Defence to withdraw this bill. The bill cannot be effective at this time and there will be plenty of time in the fall to introduce a new bill. This bill does not mean $1,800,000, and no one knows what it really does mean. It may mean only $500,000. I warn my hon. friends opposite that they will not gain one vote by introducing such foolish legislation. The fishermen are sensible and they cannot be fooled as easily as some people think. As this bill is at present it will prove to be absolutely futile and I ask the government to withdraw it without having it go to second reading or becoming law.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I intend to consider this bill more particularly from the angle of its effect upon the fishing industry of the province from which I come. I cannot go as far as the hon. member who has just sat down (Mr. Duff) in his wholesale condemnation of the bill. I shall vote for the second reading but I am impelled to do so more by a consideration of the name of the bill and what I hope it implies than by anything in the bill itself. The bill is called the Canadian Fisherman's Loan Act. It may be asserted that that title enacts the principle of assistance to fishermen but I am afraid that that is not so. It only makes an assertion, it only affirms a principle and the details of the bill fall short of carrying out the hopes which might be raised by a consideration of the title.

Despite the fact that I intend to vote for the second reading I should like to point out certain features which seem to weaken the usefulness of the bill in the hope that the minister will take them into consideration. The acting minister comes from the same province as I do and we in British Columbia have high hopes of the interest which he will take in fishing matters. This is the first time that an hon. member from the Pacific coast has occupied that position. The first point to which I would direct attention is the definition of a fisherman. The bill states:

> "Fisherman" means a person whose principal occupation consists in fishing;

That is all right but the definition of fishing is as follows:

> "Fishing" means the taking and processing of fish of all kinds for commercial purposes.

If the taking and processing of fish is to be considered as one occupation, it may apply to the man on the Atlantic coast who catches the fish and salts, cures or dries them but it would eliminate a large body of the salmon fishermen in British Columbia who take no part in the processing of the fish. They merely catch the fish, they merely take them out of the water to sell.

Mr. ERNST: Is the member making the point that persons borrowing must both take and process?

Mr. NEILL: Yes; my point is that taking and processing are combined together, so a man to qualify would need to be employed in both. If that is the meaning it will cut out our people in British Columbia. If the word "and" is to be translated "or" that is equally undesirable because it will then—

Mr. STIRLING: And/or is meant.

Mr. NEILL: Even then "or" would not do because if the processing of fish qualifies a man to borrow that would let in a cannery owner and the casual labourer working in a reduction plant. It should be confined to the man who gets the fish out of the water. That would be sufficient. You do not need to say anything about processing, but if in addition he does process it, that is so much to the good. The man in Nova Scotia will not be cut out if he processes, but you do not want to leave out the British Columbia man because he does not process.

Paragraph (f) of section 2 defines "fisherman's land." I admit that this is copied out of the farm loan act. The definition here is:

"Fisherman's land" means land under occupation or owned by a fisherman.

For the love of Mike if a man goes and squats on a piece of land or rents it, can he go and mortgage that property? That is too absurd to need pressing home. It should be limited to lands owned by fishermen, but instead of that it says lands owned or occupied by a fisherman. A fisherman may rent land or may squat on government property. He may get permission from the owner to put up a shack on the foreshore, and the owner might come along two or three years later and find that the land had been mortgaged during that period. That needs re-defining. Under section 3 the board may lend on the security of a first mortgage on fisherman's lands as defined in the interpretation clause, so the definition will need to be changed.

Dealing with section 3 the board can only loan money on first mortgages on fisherman's land alone. As the hon. member for Antigonish-Guysborough has said, that is wholly undesirable. It takes away a great deal of the proposed usefulness of the act. I have here a wire which has just been received by the member for Skeena (Mr. Hanson) from the Canadian Halibut Fishing Vessel Owners' Association. It reads:

Through the press we learn that a fisherman to participate in the proposed loan must own property. If so this would bar ninety per cent of our fishermen here. We think his boat and gear should be security. Please endeavour to have bill changed accordingly.

There is no question that that is so. If you are going to confine it to the little piece of land which the fisherman owns, large numbers of them do not own any, at least in my district, where they live in rented houses, or in a boat on the shorefront, then in the language of this telegram, which was quite unsolicited, a substantial proportion, although I hardly think it would be as bad as 90 per cent, would be eliminated from the bill altogether. The loans should certainly be made on the gear as well. I know that chattel mortgages are not very desirable, but there is a clause in the act which says that the board can loan only 50 per cent of the value, and the period should be shorter than in the farm loan act, where it is twenty-five years, because a fisherman's gear and even the boats and engines wear out much quicker than that. Unless you are going to let the gear form at least a substantial portion of the security you might as well forget the act altogether. That is one of the very worst things in it.

Then we find under section 6 that the loan they can get is limited to $1,000. That is not enough; it is not half enough; it is not 20 per cent enough. Some small trawling boats will cost $1,200 to $1,500 but when you get up to a seine boat it costs $25,000, and that is more than the value of many an ordinary farm. Yet a farmer can get a loan of $5,000 and up to 66 per cent of the value of his land, while these fishermen can get a loan of only $1,000, and not more than 50 per cent of the value of their land only, while the farmer can have a land and chattel mortgage as well.

Mr. ERNST: May I ask if the seine boats are as a rule owned by single individuals?

Mr. NEILL: To quite a considerable extent and to an increasing extent. Originally they were owned entirely by the cannery companies.

Mr. ERNST: I do not think the hon. member got the purport of my question. Are they owned by one person or are they owned through a number of shares?

Mr. NEILL: Both ways. Sometimes it is a company, sometimes a small partnership, and very often it is one man. They are generally operated by a partnership on shares, but some are owned by one or two individuals.

I was saying that a loan of $1,000 is not enough. What is the use of offering a man $1,000 to equip a seine boat that is worth $25,000, and if as I said before, you are going to expect him to offer real estate as security the whole act is useless to him. I am dealing very shortly with these things because I do not want to detain the house.

Under paragraph (c) of section 6 it is provided:

> Loans under this act shall be made only to fishermen actually engaged in or shortly to become engaged in fishing.

I may not get the support of my hon. friend from Antigonish-Guysborough in this, but I am very strongly of the opinion that this should be limited to actual fishermen, to men who have been actively engaged in fishing within the last two years. We do not want to start a whole lot of amateur fishermen. There are men who think it is a fine thing to go fishing, that it is a fine, easy, life, just as there are people in the cities and towns who think that raising chickens or ducks, or something of that kind, is an easy life, and they find out very bitterly to their loss later on that it is not. We do not want to encourage that class of people to go into fishing. There are men who like to go fishing in the summer when the weather is good, but we do not want to encourage any more people to engage in fishing for a living. There are too many already. The complaint of the fishermen is in many places that there are too many fishermen for the catch allowed, so much so that the government, recognizing it, sometimes cuts down fishing to four or three days a week because there are too many fishermen. The fishermen are of the same opinion. They complain that they did not make a living out of the last season, and the fisheries officials come forward with ridiculous figures showing that the catch five years ago was so much and that in a later period it was so much more, and therefore they say that the fishermen must be doing very well. But the explanation is that a larger number of men are now fishing. I say that we do not want to increase the number of fishermen. We want to take care of the men who are there now. If a man by accident, wreck, or fire loses his gear, and that often happens, if he is a practical fisherman and fishing is the only thing he knows, he should be encouraged to get a loan so that he can buy the gear to go on with his business. The young fellow just starting up follows in his father's footsteps and inherits his gear in all probability, so he probably does not very much need a loan for a new start such as is indicated in the bill. I do think it would be a good thing to have this limited to practical fishermen only.

There is this other point. Section 16 says that the board shall have power to provide for:

> (b) the charges to be made against borrowers for the expenses of appraisal, determination of title and recording.

Under the farm loan act there is a flat charge of $10 whether the man gets his loan or not. That is too much, especially when the loan is restricted as it is in this case to $1,000 for the fisherman as against $5,000 for the farmer. It should at the most be $5, especially in cases where the applicant gets no loan. It is quite a considerable tax to pay $10 on a small loan. That is the interest at 5 per cent on a loan of $100 for two years, and where the fisherman is refused the loan it is a hardship for a struggling man to have to pay $10 in order to be told that he cannot get a loan.

There is one other point. This act will lose much of its usefulness if it is not made open, so to speak, to any association of fishermen. I have in mind a cooperative company of fishermen organized on the very best progressive lines, and it has been most successful even in these hard times. These fishermen started with practically nothing but their own boats and they have built up on the west coast a trolling industry in a cooperative way which is a standing credit to them. They have a large number of their own boats and run their own stores, but they have not been able to get to the point where they can buy their own packers, which would very much facilitate their operations. They need some place to go to where they can borrow, on the security of the packer, fifty per cent of the cost. That cannot be done under this act because it must be done by the individual, and the individual can borrow only $1,000 anyhow and only on land. I do not suppose that all these men put together, between 150 and 250, have $5,000 worth of real estate, but they have ten times that amount in the shape of gear which they would be very glad to put up. I make that suggestion to the minister. If these corrections are made, then the act will fulfil the purpose designed in the title and will be a good act which one can gladly welcome. But if it is not to be amended in these ways then it is only a gesture. An expression which we

have so often heard in this house in the last few weeks is, "Well, anyhow, it is a step in the right direction, and we have established a principle." I am tired of being invited to vote for gestures and principles. A legislative enactment is not the place to look for principles and policies. You define those in the planks of your platform or in your speeches outside or in the house; but bills are supposed to enact into practical legislation the results of policy, and I am not a bit satisfied when I am told that though there is not much in a bill there is a principle. We do not want principle alone; we want action. Too much legislation has been passed in this house lately in connection with which we have had dangled before us this or that principle. We are told, "Anyhow, the principle is stated." Yes, the principle is stated but it is not carried out. I do not want to hear general platitudes; I do not want to be told that such and such is desirable; I want to see it carried into practical effect. It cannot be denied, and I am not trying to deny it, that this bill is a step in the right direction. But we want to go further. Our fishermen in British Columbia are hard-headed and practical men who know the difference between a gold brick and something valuable. If the bill can be taken advantage of, all right; if not, what is the use of it? They will no doubt endorse any party that brings down something practical, and I beg the government, not so much to put teeth into the bill as to put some practicability into it, so that it can be taken advantage of by the various people interested. Otherwise I do not hold myself compelled to vote for it on the third reading. We have been challenged again and again with regard to some of these bills; a minister will say, "I challenge hon. members opposite to vote against this bill." Well, I am prepared to accept that challenge and to go back and tell the people I represent just why I vote against any bill. I would go back and say, "I voted against it because I was fed up with gold bricks." I hope that this bill will be amended so as to make it of real benefit to the fishermen, and if it is no one will endorse it more heartily than I or the people I represent.

Mr. T. L. CHURCH (East Toronto): This bill will do a good deal, with the protective clauses in it, to put a withering industry on a better basis. I am glad to see the principle of this legislation also extended to the fishermen to the head of the lakes, because after all most of the protection given to the fisheries has been largely for the maritimes and the coastal trade. But there is another feature of the industry, and that is the trade on the great lakes. Unfortunately it has been overlooked for years in the legislation passed by the dominion parliament. This legislation is a necessity; an emergency exists, and this legislation is intended to meet that situation. The price spreads commission revealed, in connection with this industry, a state of affairs which was not creditable either to parliament or to the people of Canada, from the point of view of labour and the consumer.

An examination of the bill will show that it proposes the establishment of a board. The commission recommended a fishermen's board, and in the interpretation clause the principle of a board, namely the Canadian Farm Loan Act is adopted. The board is to be the Canadian Farm Loan Board, established by the Canadian Farm Loan Act in 1927. There is a long list of definitions which are interpreted. The main provision of the bill is section 3, giving the constitution and the powers of the board. The board will have power to issue and sell bonds to be known as Canadian fisherman's loan bonds and to make long term loans to fishermen on the security of first mortgages on fishermen's lands. The board may also hold real estate which has been mortgaged or otherwise secured to it. It can invest its funds in debentures, bonds, stocks or other securities; and as to the capital requirements, it is provided that the government may subscribe to an initial capital not exceeding $300,000. Section 5 deals with the limit of outstanding bonds, the rate of interest, time limit, redemption and so on, and in section 6 certain conditions for loans are laid down. Loans are to be made only on the security of first mortgages on lands not exceeding fifty per cent of their actual value. As to the use of the proceeds, they may be used to purchase boats or vessels, lines, hooks, trawls, nets, anchors, bait, traps and other equipment. Part of the loan may be used to discharge liabilities already accumulated, or for any other purpose which in the judgment of the board is deemed necessary for the operation of the industry as a commercial undertaking. In connection with repayment, the board has wide powers.

The interest is not to exceed eight per cent. It seems to me that is a very high rate of interest to-day, though I admit that so far as this industry is concerned, with the difficulty of getting loans, the overhead charges might be high. But eight per cent is a very high rate of interest.

Section 4 of the bill is the most vital provision ever enacted in this country. I commend the undertaking, speaking as a protec-

tionist of the protectionists, because we want protection for all the people all the time and not for some of the people some of the time. There is provision here that the board may loan money to the mortgagor or other person —to do what? If the fishermen shall fail or neglect to pay any lawful rates, taxes or assessments under the law of the province concerned, then the board may pay them.

I am glad to see that the fisherman is coming into his day. He has eaten the sour grapes of free trade long enough and his teeth are on edge. He wants protection, something away from free trade. He was led to believe by free trade leaders in the maritime provinces and on the Pacific coast that the only hope and joy of this industry was in a system of free trade as proposed for many years in this house by Liberals, Liberal Progressives and Progressive Liberals. The time has come when there is an emergency in this industry so that the poor fisherman has, like the grain men, the coal, steel and iron men in the maritimes, to come to parliament for assistance. At last the fishermen are getting away from the principle of free trade to that of advanced protection.

I have dealt already with the principle of the bill. I am not objecting to advanced protection for agriculture, for the farmer, for the fisherman. A farm board has been set up for the protection of the farmer, the same board that is set up under this fisherman's loan act to do something for the fishing industry. Now in connection with fishing we have the same element of protection. I want to speak a word to-day about the cities on the great lakes and the people engaged in industry there in Ontario and Quebec. Forty-six per cent of our people are industrial workers, and the principle of this legislation should apply to them also. The time is not far distant in this country when we shall have to set up for the industrial workers a board similar to those set up under this fisherman's loan act and the Farmers' Creditors Arrangement Act so that the retail storekeeper, the individual worker, and those engaged in industries will have some means of protection. A retail grocer who fails and whose little shop is gone or an industrial worker who gets out of work or is only on part time should be dealt with in the same manner as the poor fisherman or farmer; he should be able to secure similar protection. There is no reason why forty-six per cent of the people who are engaged in industry should not have the same form of protection as is given under the Farmers' Creditors Arrangement Act, the fisherman's loan act and so on. There should be created for these people a similar board to establish long term mortgage credits even up to twenty-five years for the small retail grocer or the small industrial worker who is out of work or may be on part time as many of them are. Sooner or later we shall have to extend this very wise and commendable feature of this legislation. I would like to see some kind of board set up for the industries to which I have referred and some credit established either through banks, insurance companies, loan companies, mortgage companies or through parliament or partly through one and partly the other, for the protection and relief of the small industrial worker and the small storekeeper on the same basis as these other acts I have mentioned. We should have protection not only for the fishermen and for the farmers but for everyone; we want a system of protection that will take care of all the people. Those small industrial people who have lost their all by foreclosure or unemployment or high taxes are in the same plight as are the fishermen and the farmers, and the principle of this bill should be extended to them.

Speaking for an industrial province, I say that the industrial workers of this country are no longer going to stand for handing out protection to some and not to others. Under the provisions of this bill we are paying through the new fisheries board, taxes, mortgages, lien notes, security to the bank, hypothecation of the plant and equipment of the fishermen. The same principle of protection should be extended either through parliament or the banks or a board similar to the farm loan board to the industrial workers so that they will have a fair show under protection as we have it to-day to hold and retain their properties and their equities and their small business ventures.

I commend the government for bringing down this legislation. It is too bad that there was not an inquiry by the price spreads commission into industry, along those lines for the industrial worker in the way I have indicated. I wrote one of the members of the price spreads commission, but the commission was too busy to take up the matter. Ontario and Quebec pay eighty-two per cent of the cash taxes of the dominion and forty-six per cent of Canada are industrial workers, but the latter have no protection at all along the lines of saving their business, their homes or properties by long term loans. When such a man in the city cannot pay his taxes, he cannot go to a board. The fisherman can; the agricultural worker can; the farmer can, but the poor industrial worker has nobody to go to. In the city from

which I come some of these men are paying forty per cent interest on second mortgages to shark loan companies incorporated by this parliament and the same thing is true of the high charges on chattel mortgages. In view of the case made for the fishermen before the price spreads commission, the day is soon coming in Canada when we shall have to set up a board for the industrial workers who have been driven to the wall, who are losing their property, who are being foreclosed on the first mortgage and then the second mortgage or foreclosed for nonpayment of taxes. I may say to the government that the principle underlying this bill will have to be extended to those who pay the taxes in the industrial provinces of Ontario and Quebec, and a board under the regulation of trade and commerce with wide federal powers established for their needs and protection. With protection as a principle for all instead of as a privilege for some, I commend this wise bill.

Hon. JAMES MALCOLM (North Bruce): I do not wish to engage the time of the house for more than a moment, but I should like to call to the attention of the minister that probably we have heard less of the fishing industry in Ontario in the great lakes district simply because the fishing industry in this province is under the jurisdiction of the Ontario government. The hon. member for Antigonish-Guysborough (Mr. Duff) and the hon. member for Comox-Alberni (Mr. Neill) have suggested some amendments to the bill as it applies to the Atlantic and Pacific coast fisheries. If aid is to be given by the state to the fishermen on the great lakes, I should like to suggest to the minister that his bill does not really cover the present needs of the situation. Most of the fishermen on the great lakes do not own any great quantity of commercial land, they are in much the same position as that indicated by the hon. member for Comox-Alberni. Their shanties may be on government land or they may have leased property. In many cases their commercial buildings are on government docks, so that the value of commercial property which they could offer by way of security to the minister for an advance is negligible. Most of the commercial fishermen on the great lakes sell their fish fresh; their commodity is delivered to the market probably more rapidly than is the fish of the maritime provinces or of the Pacific coast. The greatest need of the fishermen on the great lakes is when disaster overtakes them, when by an act of God several gangs of nets are lost in one of the storms which are so frequent on the great lakes.

I should like to point out to the minister that the fisherman who has some security can secure from the bank a loan to pay cash for his gear, and in that case he is really not in need of much governmental assistance. Those who are not so favourably situated could be greatly assisted by a government loan, but that loan would really be for the purchase of new gear, new gangs of nets, new engines for boats and repairs to existing vessels. I think the bill should be so worded in so far as the great lakes are concerned that the loans should be made on gear and equipment for the reason that while the fisherman may own residential property for his home, he does not as a rule own much commercial property.

The second point in connection with these loans is the matter of the amount. I think the limiting of the amount to $1,000 rather destroys the effectiveness of the legislation. One does not gather together very much gear for seine fishing for $1,000. Four or five gangs of nets cost much more than $1,000; it is not much of a hull to weather the storms of the great lakes that you can buy for that amount. I suggest to the minister that if he has good inspection, and loans be made only to the amount of fifty per cent on gear, he could well afford to increase the amount to some much higher figure.

Then I am against long term loans on fishing equipment. The rate of depreciation on it is probably more rapid than on any other sort of industrial equipment. Boats wear out very quickly, nets rot very quickly. Practically all the gear used by fishermen has to be replaced every few years. If a loan is made to a fisherman I would suggest that it be for a short term or even repayable in instalments over the period in which he would normally redeem his securities were they given to a bank or loan company. I think I voice the opinion of all members who are familiar with the fishing industry in Georgian bay and lake Huron and lake Superior when I say that we could be of great assistance to those fishermen by providing cash advances to restore gear or to purchase new gear. But I do not think they want such loans for twenty-five years, or even five years. All they would ask would be loans repayable in instalments every three or six months out of their earnings from the gear purchased with the proceeds of the loan. Another point, raised by the hon. member for Comox-Alberni, I think is deserving of consideration, namely, that it is not the course of wisdom to encourage too many young men to go into the fishing business. Those now fishing the great lakes I think are producing the quantity

of fish that can reasonably be sold in the Canadian and American markets. To make long term loans for which the security might quickly disappear and for which the borrower would hold no great feeling of responsibility would only induce much severer competition with those already in the industry. So in framing the act, so far as the great lakes are concerned, I think loans should be restricted to restoring gear and equipment for those already engaged in the industry and helping those who have been in the industry recently but who have been forced out by economic circumstances or storms—I know of several cases—to reestablish themselves in the industry; and that loans on gear should be for short terms, within the time in which the security may be worn out and be of no value.

Those are the only observations I wish to make. I agree with the principle of assisting this great basic industry. I am not familiar with the situation on the Atlantic or the Pacific coast but I am familiar with it in Ontario on the great lakes, which produce many million dollars' worth of fresh fish.

Mr. THOMAS REID (New Westminster): To the principle of the bill, that is, assistance to fishermen by providing them with credit loans, I do not think any hon. member would take exception. But there are sections in the bill with which I cannot agree. Much has been said by speakers preceding me as to long term loans, especially on land. I doubt if one per cent of the smaller fishermen, that is those having gill net boats, own their houses outright. When one considers that fishermen of that class are in the majority in British Columbia, one must conclude that this bill will not provide much assistance for them. In British Columbia there were 196 boats of ten tons and over with a valuation of $2,120,000, but when we come to the smaller boats, the gill net boats, there were 5,461 valued at over $3,000,000. Then there are numbers of men who still use sail or rowboats. I was a little surprised to learn the number using sail boats, not having enough money to put engines in them. There were still 2,393 using that type of small boat. So in all we have close to 8,000 small boat fishermen, and I say that out of that total perhaps not over one per cent own outright the houses they live in. By this bill the man who does own his home may be provided with a loan up to one thousand dollars spread over twenty-five years. During that time his engine or boat will have passed away, but still the mortgage will run on his home. I support the contention of the hon. member for Comox-Alberni (Mr. Neill) that the benefits of the act should be confined to fishermen. Reading some sections of the bill one would think it is confined to those entirely occupied in fishing, that is those who go out on the river or sea and catch fish. Section 6 (b) says:

[Mr. Malcolm.]

> The proceeds of such loan shall be used for the following purposes and no other:
>
> (1) To purchase boats or vessels, or shares or part interests in boats or vessels for use in the fisheries.
>
> (2) To purchase equipment for such fishing boats or vessels including therein the purchase of gasoline, crude oil or other engines.
>
> (3) To purchase lines, hooks, trawls, nets, anchors, bait, traps, and any other equipment or apparatus for use in fishing.
>
> (4) To discharge liabilities already accumulated.

I interpret that to mean that the loans will be made only to those solely engaged in fishing, that is to those who go down to the sea or river in ships. But if you turn to the interpretation section you find that:

> "Fisherman" means a person whose principal occupation consists in fishing.
>
> "Fishing" means the taking and processing of fish ...

I take strong exception to making loans to firms for the processing of fish. This bill, I understand, is designed to help those who go down to the sea in ships, real fishermen. Certainly in my opinion clause (c) of section 2 is contrary to section 6.

Another point is that under the Canadian Farm Loan Act men have been appointed, by reason, I presume, not only of their business knowledge but their knowledge of farms as well. Under this bill, while it is true that the Minister of Fisheries will be in charge, the bill, after it passes the house, will be under the jurisdiction of the Canadian farm loan board. With all deference to the men who have been appointed I do not think they are fully competent to handle the affairs of the fishermen. I suppose the farm loan board will consider that they only have to value the land and that if a fisherman comes within the provisions of the act he will be granted a loan, but there is more to it than that. I would suggest to the minister that some official of the fisheries department should have some say in regard to these loans. I for one would deprecate it very much indeed if loans were made under this act in order to further the large interests or to enable men to combine and go into seine fishing. I know a loan is limited to $1,000, but in the matter of seines, twelve men or more could get together and obtain loans of $1,000 each, thereby entering into competition with the smaller fishermen.

I agree also with other hon. members who have stated that this bill comes a little late in the session. I do not see how the fishermen can take advantage of it this year, even if loans are expedited, because fishing is pretty well under way on the Pacific coast at present.

I am not going to take up much more of the time of the house at the moment; I shall withhold further remarks until we are in committee, but I believe many of us will have to differ with some of the provisions of the bill in its present form.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Mr. Speaker, I should like to say a few words in connection with this bill, which purports to establish in Canada in system of long term mortgage credits for fishermen. With the principle of the bill I entirely agree but, as the last speaker stated, this is very late in the session to bring down a measure of this kind. Knowing the plight of the fishermen, as the government have known it for a good many years, and in view of the resolution I introduced a few years ago in this connection, if the government had been sincere they should have brought before parliament legislation much more comprehensive and much easier of application than the present bill. The aim of the measure is good; it is designed to relieve and help the fishermen. With that I am quite in accord and I would not oppose the bill, but there are many features of the measure which I think will result in it not becoming operative this year. In the part of the country from which I come the fishermen are very poor; they are perhaps next to the poorest fishermen in the country, and I am afraid they will not be in a position to take advantage of this legislation, with their little plots of ground, their small properties, their small boats and the gear at their disposal.

There is another feature to which I should like to refer. The interest rate to be charged is not mentioned in this bill. I think in one paragraph it is stated that the interest rate will be that which it is found necessary to charge in accordance with the bonds issued by the board. I doubt very much if any man would undertake to make an agreement with the government or with a private individual without knowing in advance the rate of interest that would be charged.

Mr. ERNST: That would be stated in the agreement.

Mr. CASGRAIN: Yes, but it is not very encouraging. In another paragraph the bill states that in default of payment of interest or taxes the board has the right to make such payment and to impose interest of eight per cent. I think that interest is too high. We are to give the government power to go into the loan shaving business, because a rate of eight per cent is not exacted even by the banks. So we are not giving the fishermen much more relief than they have already. I should like to refer also to section 11, which provides:

> In the event of legislation being passed by the legislature of any province after loans have been made available in that province which, in the opinion of the board, would prejudicially affect the security of existing or future loans, the board, by notice to be published in the Canada Gazette, may cease to make further loans in that province.

I doubt very much if the fishermen of the province from which I come will derive any benefit from this bill if that clause remains. Recently a move has been made by the provincial government of Quebec, which administers the fisheries of that province, by which the government advances money to the fishermen on the basis of the number of feet of keel in a vessel, in order to help the fishermen secure new vessels, and also in connection with new gear to be used in their work. If the provincial government provides for reimbursement by the fishermen in a way that does not commend itself to the board, this measure will not be operative in our province. In that case it will be sectional in its nature, and that might be one ground for opposing it.

When the bill is in committee I may have some further remarks to make, but I repeat that this is tardy legislation. If the government think they are going to place a feather in their cap and say they have done something for the fishermen I am afraid they are greatly mistaken. The public generally and especially the fishermen know that for the last four years I, as a member of this house, have advocated that the government should do something to improve the condition of the fishermen in the province of Quebec, on the Atlantic seaboard and particularly on the north shore of the St. Lawrence river, but the government have done nothing. This is what might be called a deathbed repentance. This bill appears to give something but in reality it gives nothing; it offers something but it will not give anything, at least for some considerable time. So I think the fishermen will know what to do when the election comes along. They will vote for the people who have always advocated assistance to the fisheries; they will support those who have always given them assistance, as it has been given by the provincial government of Quebec.

Mr. MacDONALD (Cape Breton South): Is it intended to submit this bill to the fisheries committee or to the committee of the whole?

Mr. STIRLING: To the committee of the whole.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Short title.

Mr. REID: I am going to appeal to the minister again with regard to subsection (e) of section 2, which states:

(e) "Fishing" means the taking and processing of fish of all kinds for commercial purposes.

Section 6 sets out the purposes for which loans may be made; it provides that loans may be made only to fishermen, but here we have the word "processing." I should like the minister to make a statement in this regard.

Mr. ERNST: If the suggestion of the hon. member were adopted quite a number of fishermen in eastern Canada would be excluded from the operations of the act. They not only catch or take the fish; they also process them. You could not say their major occupation was fishing unless you include processing.

Mr. CASGRAIN: I notice that the definition of "board" is as follows:

"Board" is, includes, and means the Canadian farm loan board, established by the Canadian Farm Loan Act, chapter sixty-six of the revised statutes of Canada, 1927, and amendments thereto;

It has been stated that the Canadian farm loan board have many requisitions before them at the present time and there is also the matter of loans and arrangements to be made under the Farmers' Creditors Arrangement Act. In view of the work before this board, will they be in position to deal with this legislation? Are we not placing another burden upon the shoulders of the board and will this board as it is at present constituted be in position to understand the problems facing the fishermen in various parts of the country? There might be different conditions facing the fishermen in that part of the country from which the minister who is piloting this bill comes; other conditions may face the fishermen in the district from which the hon. member from Lunenburg (Mr. Ernst) comes, while other conditions are faced by the fishermen in Quebec. The members of this board may be fully conversant with questions concerning farms and lands but I doubt if they have full knowledge of fishing problems.

Mr. STIRLING: I do not think the hon. member has taken section 10 into account. That section provides for the appointment of a local loan advisory board and the chief executive officer of the province who would be appointed by the farm loan board would be assisted by the advisory board. In all probability the members of that board would have particular knowledge of fisheries. In connection with the work before the Canadian farm loan board, I believe the hon. member is confused between the Farmers' Creditors Arrangement Act and the Canadian Farm Loan Act. I am not aware that the Canadian farm loan board has so much work before it that it cannot take on the administration of this bill.

Mr. REID: Clause (f) reads:

"Fisherman's land" means land under occupation or owned by a fisherman.

I should like an explanation of that definition.

Mr. STIRLING: I do not think that definition should be held to too rigidly. There may be instances where the fisherman occupies land owned by his wife or some other relative.

Mr. REID: Could a loan be made on the land if it was in his wife's name?

Mr. STIRLING: Oh, yes, the loan would be made against the land. We must remember that the board which will administer this bill will use reasonable common sense such as we ourselves would use if we were to administer this legislation.

Mr. CASGRAIN: The minister referred to section 10 which deals with the local loan advisory boards. Section 10 reads:

The board may appoint for any province or for any two or more provinces in which the board is authorized to make loans, a local loan advisory board of not more than three members. The chief executive officer appointed by the board for such province or provinces shall, ex officio, be a member of such local loan advisory board and the chairman thereof.

How are the members of these boards to be appointed? Who is going to recommend their appointment? Will they be political appointees? We have a peculiar condition in Quebec where the Magdalen islands are under the jurisdiction of the Atlantic coast; the Gaspé coast is under the jurisdiction of the fisheries department at Quebec, and there is also the north shore of the St. Lawrence river. I should like to know if one official

will be appointed for the north shore and another for the Gaspé coast? Most of the fishing is done in these two districts where the conditions are somewhat similar although not exactly the same. What qualifications must this man have? Will there be one man for each district or will there be a man appointed in Quebec city or Montreal? Will this man be connected with a cooperative selling agency or will he be a man conversant with the real situation facing the fishermen?

Mr. STIRLING: Could we not wait until section 10 is reached?

Section 1 agreed to.

On section 2—Interpretation.

Mr. NEILL: I cannot agree with the hon. member for Lunenburg (Mr. Ernst) when he says that the leaving out of the words "and processing of" in clause (e) will mean that no one will be able to obtain a loan. That would just eliminate those whose sole occupation is the processing of fish. The way it is now a hardship is being placed upon the man in British Columbia who takes no part in the processing of the fish he catches. This should be limited to the taking of fish out of the water and then it would not hurt those who take out the fish and process them as well. This would eliminate the man working in a cannery or a reduction plant or the owner of such a plant. I do not suppose the government intends to include these, or if they do they should say so. I think the minister should give further consideration to this clause.

Mr. STIRLING: It seems to me that "and" is the correct way of expressing this. The hon. member who has just spoken does not want to include those who process the fish but I understand that in other parts of Canada that is desirable. When the hon. member was speaking on the second reading he referred to this matter and stated that it would include the canneries but it does not seem likely that a large canning establishment would want to make use of the small sum of money which would be available.

Mr. NEILL: If the minister states that it is part of the government policy to lend money to people who process fish, I have no more to say. If it is the intention of the government to make loans to some casual labourer who works a few days shovelling coal or looking after the oil in a reduction plant, to some Indian woman or anyone else engaged in the processing of fish, we have not so understood it.

92582—256½

Mr. REID: If you look at section 6 you will find that loans can be made only for certain specified purposes and those purposes do not include the processing of fish. Loans are made for the purpose of purchasing boats, equipment and so on.

Section agreed to.

On section 3—Powers of board.

Mr. NEILL: I do not suppose there is any use moving an amendment when the minister says he is not going to accept it. The temper of the committee this afternoon was certainly in the direction of asking the minister if he would allow loans to be made also on the security of gear.

Mr. ERNST: Clause 3 deals only with bonds issued by the board.

Mr. NEILL: It says that the board may:

(b) make long term loans to fishermen on the security of first mortgages on fisherman's lands.

Mr. ERNST: That is correct.

Mr. NEILL: I accept the hon. member's apology. The minister has not so far as I know expressed the opinion of himself or of his department or of the government on the representations made this afternoon in the direction of including the security of gear as well as land. I would like to hear whether he has determined to exclude gear.

Mr. STIRLING: Mr. Chairman, when the government decided that it would be desirable to proceed along this line it was met with the difficulty which I presume has stood in the way of preceding governments in this matter: What should the security be? It has decided that it is prepared to go the distance of accepting as security land occupied or owned by the fishermen, but to introduce loans made on gear or on boats is to introduce loans made on something which may be destroyed and which in any event has a comparatively short life. The government therefore, after careful consideration, has decided in this measure to proceed so far as to offer loans to fishermen on the basis of their land.

Mr. NEILL: That means that ninety per cent of the would-be applicants will be cut out.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—Conditions for loans.

Mr. NEILL: What about the representations that have been made this afternoon that the amount loaned should be more than $1,000 in view of the fact that farmers with no more security can get $5,000?

Mr. MACDOUGALL: Are we clearly to understand under clause 6 that there are really needy fishermen who need this assistance who are going to be excluded because they have no land to give as security for a mortgage? I may say to this committee that when I entered this house first in 1925 I was the first man from the province of Nova Scotia to advocate long term loans for fishermen. There was an act at that time which had been passed by a previous government extending long term loans to farmers, and I very strongly advocated then that loans be extended to fishermen both on the Pacific and Atlantic coasts, and I think I was supported in that contention by some other members from the province of Nova Scotia. I did not visualize at that time that we would have before any parliament this bill as it is now before this house. I am of the honest opinion that this bill will not help at least eighty per cent of the shore fishermen of my province, if section 6 be not amended.

Mr. CASGRAIN: Nor in Quebec.

Mr. MACDOUGALL: The men who have capital and can carry on the fishing industry by themselves do not want to go into debt through long term loans or any other kind of loan. The man we want to help in Nova Scotia is the man who has practically nothing except the determination to follow a humble but honest calling. If section 6 is going to remain in this bill, then I say it is not very much of a bill. I am certainly in favour of the principle of extending long term loans to fishermen, and I am in favour of the principle of this bill, although it does not even say how long the loan is going to be for, but the bill should certainly be so framed that it will bring aid to those who need aid in the province of Nova Scotia and on the Pacific seaboard as well. So far as Nova Scotia is concerned, I still maintain the position I took before in this house, that more than long term loans, we want to see that the Nova Scotia fisherman has the right to live and that his prices are not dictated by monopolist control such as we have in the province of Nova Scotia. If a resolution that I placed on the order paper had been supported by this house the shore fishermen of Nova Scotia would have been much better off under it than they will be under this particular bill.

I may also say that we want to encourage as much as we can all those fishermen in Nova Scotia who join their cooperative unions. I wish to say frankly that our position in Nova Scotia is this: If the fishermen who to-day are suffering from economic thraldom are going to be relieved we must break monopoly and give the fishermen a chance to live and encourage their cooperative unions. To my mind section 6 nullifies the full effect of the bill. I am sorry to have to say that.

Section stands.

Progress reported.

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

After Recess

The house resumed at eight o'clock.

EIGHT HOUR DAY

MESSAGE FROM THE SENATE WITH RESPECT TO SENATE AMENDMENTS TO BILL NO. 21

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate do not concur in the amendment made by the House of Commons to the ninth amendment made by the Senate to the Bill No. 21, an act to provide for limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, in accordance with the convention concerning the application of the principle of the eight hour day or of the forty-eight hour week adopted by the General Conference of the International Labour Organization of the League of Nations in accordance with the labour part of the Treaty of Versailles of the 28th June, 1919, for the following reasons:

That the Senate sees no sufficient reason why with relation to the class of labour referred to in the said amendment, the bill may not go into effect at the time stipulated in the Senate amendment.

And further,—That the Senate direct the attention of the House of Commons to the 10th, 11th, 12th, 13th and 14th amendments to the said bill to which amendments no reference is made in the message from that house.

SOLDIER SETTLEMENT ACT

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate has passed the Bill No. 62,

an act to amend the Soldier Settlement Act, with an amendment, which is as follows:—

1. Page 1, lines 9 and 10. For the words "at the date of the coming into force of this amending act," substitute the words "on the first day of July, 1935."

SUPPLY

The house in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Auditor General's Office—
Contingencies — further amount required, $35,000.

Mr. CASGRAIN: Can the minister give an explanation?

Mr. RHODES: The auditor general requires this sum for the additional work imposed upon the department in connection with the enlarged duty which has been necessitated in respect of relief expenditures.

Item agreed to.

Secretary of State—
Contingencies — further amount required, $25,000.

Mr. CASGRAIN: What is the reason for this vote?

Mr. CAHAN: Of this amount $20,000 is required in connection with the commission appointed under Mr. Justice Parker to inquire into the performing rights matter, and $5,000 is required for additional clerical assistance, chiefly in the patent and copyright offices, owing to an increased amount of work and also to the fact that there has been more illness among the employees during the present year, for whom we have had to substitute temporary employees. The additional sum for these offices will simply cover temporary work.

Item agreed to.

Legislation

The Senate

Salaries and contingent expenses—further amount required, $6,000.

To provide an amount in lieu of residence for the Speaker of the Senate—further amount required, $1,000.

To provide for the payment of the full sessional indemnity for the session of 1935 to members of the Senate for days lost through absence due to public business, by illness, or on account of death. Payment to be made as the treasury board may direct, $24,260—Total, $31,260.

Mr. POULIOT: Before this item carries, may I say that, following the suggestion of the opposition the government has saved over $108,000 by delaying appointments of senators. This is one of the very few instances in which the government has not been wrong, because it has followed the recommendation of the opposition.

Item agreed to.

House of Commons

Contingencies — further amount required, $10,000.

To provide an amount for the Speaker of the House of Commons in lieu of residence—further amount required, $1,000.

To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official public business, or on account of death during the present session—notwithstanding anything to the contrary in chapter 147 of the revised statutes, 1927, an act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the treasury board may direct, $18,000—Total, $29,000.

Mr. LAPOINTE: This item includes an amount for the Speaker of the House of Commons in lieu of residence—further amount required—$1,000. I have no objection to the item, but it gives to the Speaker the same allowance he had before, and my only objection is that the same thing is not done for the Deputy Speaker, who also had an allowance. If the Speaker is granted his former allowance in lieu of residence, I see no reason in the world why the Deputy Speaker should not have the same privilege.

Mr. RHODES: This was an oversight due to the circumstance that the vote was prepared in precisely the same form in which it was received. When the oversight was brought to my attention I began to prepare an amendment; in fact, I was in the act of writing it when the hon. gentleman rose. I therefore move that the resolution be amended by adding, after the word "required," in the first line thereof, the words:

including an allowance of $500 for the Deputy Speaker in lieu of apartments—further amount required.

Mr. DUFF: Can the minister tell us how much was voted in the main estimates for the Speaker and the Deputy Speaker?

Mr. RHODES: I cannot say offhand, but this item merely restores to the Speaker and the Deputy Speaker and to the Speaker of the Senate the amount of allowance which they have hitherto enjoyed in lieu of residence.

Amendment agreed to.

Item as amended agreed to.

Library of Parliament—
Books for the general library, including binding—further amount required, $2,000.

Mr. POULIOT: A suggestion has been made by members of the opposition that the library of parliament be made fireproof, and the same suggestion has been made with regard to the library of the supreme court. It met with the approval of the Minister of Justice, who was supposed to convey the message to the government. What has been decided in that respect? Did the Minister of Justice convey that message?

Mr. GUTHRIE: I will as soon as I get time.

DEPARTMENT OF AGRICULTURE

Live stock, including assistance to fairs and exhibitions—further amount required, $40,000.

Mr. MOTHERWELL: I would like under this item to have a word or two with the Minister of Agriculture regarding a certain live stock matter. I would appreciate it if the hon. gentleman would come a little nearer so that I could hear his answers because I have some things to say to him, of course in a kindly spirit. It is generally understood, commonly reported, and known around parliament hill as well as outside parliament hill that the purchase of a certain shipment of Percheron brood mares was facilitated by one minister of the government, and half of them were retained at Halifax by my good friend the Minister of Agriculture through his inspectional staff. First I would ask the minister whether he knows anything about this shipment of Percheron brood mares to Australia, and whether his officers detained half of them at Halifax because of their age and general unfitness to go forward. When my hon. friend answers that, I shall proceed further. I am not under the illusion that my hon. friend is blameworthy in this matter, rather the opposite; I merely want to get the facts correctly from him.

Mr. WEIR (Melfort): There was a shipment of pure bred Percheron brood mares that went from this country to Australia. My understanding is that either the trade commissioner of Australia got into touch with the trade commissioner from Canada, or our trade commissioner in Australia got in touch with the head of his own department, with the information that there was a demand for Percheron pure bred mares in Australia. My understanding is that the Department of Trade and Commerce communicated with the Canadian Percheron Asociation, and between them, although I do not know the details of the affair—it was not brought to my attention until the shipment was selected—a shipment was selected to be sent to Australia. The department having been led to believe that this shipment in its entirety would not be a credit to the Percheron breed of Canada, two inspectors from the Department of Agriculture were sent to inspect the shipment at Halifax, and three of the animals were pronounced unfit in the estimation of those officials to be truly representative of the best type of Percheron brood mare in Canada to go to Australia.

Mr. MOTHERWELL: I understand the minister knew nothing about this shipment until it arrived at Halifax. What would interest us all is to know why these animals went to Halifax on their way to Australia when some of them were purchased in Ontario and some in Alberta. It was giving them a long joy ride to their destination to go to Halifax—not that I have anything against our Atlantic ports or anything like that; but generally shippers take the shortest, most direct route; they are not fond of paying excess carriage.

My first assumption was that one minister in this case, the then Minister of Trade and Commerce (Mr. Stevens) the ex-minister now, facilitated in some way through the Percheron breeders' association or otherwise the purchase of six brood mares for Australia, and the Minister of Agriculture, learning of this apparently for the first time, had his inspectors examine them at Halifax and retained three of them as unfit to send to Australia as typical of the quality of the animals of our Percheron breeders' association, a conclusion which has proven to be correct. This is not the first time this kind of monkeying between two departments, one nosing into the other's business, has occurred during the last year and a half under the administration of the ex-Minister of Trade and Commerce, against whom I have nothing to say except that when a gentleman is preaching business ethics and the control of industry, he should first get himself under control. Here we have a record and it is not the first one; we all remember the story about the Yorkshire geldings the ex-minister was responsible for in a bulletin that went around the world, something that will be news in our libraries in hundreds of years from now when research readers will be wondering what kind of political geldings had control of our destinies in Canada at this time. We know about the

Richelieu Shipping Corporation. The ex-Minister of Trade and Commerce was nosing very prominently into that by bonusing those two worthless boats to the tune of $6,500 apiece. I am delighted to learn the government have seen at last their moral obligation in the matter by correcting the ex-minister's blunders and making it right to the farmers who had lost the proceeds of their cattle through the control of industry by the ex-Minister of Trade and Commerce trying to control the business of another department. That is business ethics personified. We have other instances to which I might refer, but that is sufficient for the moment. This is what I would like to ask the minister, because I want to get the information from him rather than give it myself: I have before me a return tabled by the Secretary of State (Mr. Cahan) in reply to a number of questions I asked about this matter. Apparently I did not put them in quite proper form, thus giving whatever minister is responsible for this return an opportunity of getting by and not giving anything like the information the Minister of Agriculture has given to-night. Had my hon. friend anything to do with getting up this return to the questions I put on the order paper about a month ago, which return was tabled recently by the Secretary of State?

Mr. WEIR (Melfort): I have not the questions in front of me, but as the hon. member knows, if in the questions the information is to be received from a particular department and they concern more than one department, that information is sent by each department to the Secretary of State who compiles all the answers. Not having the questions in front of me, I cannot say whether any of them pertain to the Department of Agriculture, but so far as I recollect all that my department had to do with the matter was that the health of animals branch would necessarily have to inspect this stock before it was shipped and the other inspectors, as I stated before, passed their opinion upon the shipment.

Mr. MOTHERWELL: The health of animals branch has nothing to do with the general type or conformation of an animal or anything of that nature; it has to do with the health and freedom from disease of the animal, so that their inspection as to type, conformation, and so on, would be quite worthless. I am sure the inspection carried out at Halifax would be by the regular inspectors of the live stock branch, the proper ones under the circumstances. I think I have revealed the fact that the ex-Minister of Trade and Commerce has been committing another great ministerial faux pas.

Mr. SPOTTON: It sounds good, but what does it mean?

Mr. MOTHERWELL: It is no wonder to me that he was excluded from cabinet circles when this kind of thing was going on. If it were the only instance, it might be overlooked, but I have mentioned two or three and I could mention more. These three critters did not get to Australia; they were a discredit to Canada, and I think I should incidentally give credit to the Minister of Agriculture for being alert enough to waylay them at Halifax before they got that joy ride round the world to reach Australia. May be the minister would tell us why the shipment went to Australia via Halifax. Was this some more of the skilful management of industry by the ex-Minister of Trade and Commerce, or what was it?

Mr. WEIR (Melfort): I am sorry, but I cannot give any reason why the shipment went by Halifax, my department not having anything to do with it.

Mr. MOTHERWELL: Then it will do no harm to tell the minister that it was reported that due to a lot of bungling in the purchase of these animals in Alberta or elsewhere, they missed the boat via Vancouver and to make the best of a bad job the mares were sent around the world the other way by Halifax.

Mr. POULIOT: Does this item include salaries for agricultural propagandists who have been laid off since 1930? Is it the intention of the government to reinstate them in their job?

Mr. WEIR (Melfort): This vote is not for that purpose.

Mr. POULIOT: I regret it. It is a great mistake on the part of the government to have laid off these men who have great knowledge of the agricultural problems and who were helping the farmers all the time. Numerous protests have been sent to the minister without any satisfactory reply; what was received was just an acknowledgment from his secretary. Petition after petition has been sent to him from the farmers of my riding asking to have these men reinstated.

The minister gives the farmers what they do not ask for; he gives them schemes, but they do not want schemes, they want help from these experts. One of the greatest blunders he has made since he has been head of the department was to lay off these able men.

Item agreed to.

Experimental farms — further amount required, $19,800.

Mr. HANSON (Skeena): I should like to ask the minister whether consideration has been given to the representations from boards of trade and farmers' institutes and public bodies throughout northern and central British Columbia, as well as from myself, as to assistance to experimental farms and model farms in that locality.

Mr. WEIR (Melfort): Full consideration has been given to these representations. A great change has taken place in the agricultural situation in the district to which the hon. member refers, chiefly on account of changes in the industrial operations there. Mining was carried on for years in that locality and for a time was very profitable and large sums were paid in wages which were spent freely for products of the farms. Not only that, railway operations which at one time were active were completed. The farmers there had the advantage of a local market for their products. In addition, lumbering operations in the area have been to a certain extent suspended, and their benefit to the agricultural population has been lessened thereby. All this has made it difficult for the farmers in the locality to market their products profitably. But there is one thing which they have done and for which they deserve great credit, in conjunction with the officials of the provincial department of agriculture as well as of the federal department; they have discovered that they can grow particularly fine timothy in the area, and as the freight is very little, it can be shipped long distances at small cost. A great deal of attention is being given to assisting the farmers in that connection. It is hoped that large illustration stations other than those already established will be set up as model farms. In connection with that the department have entered into a contract with the provincial government to use their property at Tranquille, which will also serve as a source of information to the ranchers in that part of central and northern British Columbia. I can assure the hon. member that every consideration has been given to those requests.

[Mr. Pouliot.]

Mr. HANSON (Skeena): That means that there is no further assistance to be given to that part of the country this year, either in the main estimates or in the supplementaries?

Mr. WEIR (Melfort): The hon. member has misunderstood me. We are giving assistance in the way I have stated, and a survey is being made for the purpose of selecting illustration stations, which serve the purpose of model farms the hon. member has suggested. It is not proposed to set up a large experimental farm in that locality at the present time, but by using these large illustration stations it is believed that we can make available to the farmers in that district information as to the most efficient way for them to produce what will be to their greatest advantage. I appreciate the fact that the hon. member has brought this to my attention on a number of occasions.

Mr. DUPUIS: Could the minister give, by provinces, the details as to experimental farms, the number of illustration farms and the amount required for the whole year for these purposes?

Mr. WEIR (Melfort): I am sorry I have not that information with me. The greater part of it was given when the main estimates were under discussion. I shall be glad, however, to supply the information to the hon. member.

Mr. DUPUIS: I thought it had not been given. How many large experimental farms are there in the province of Quebec?

Mr. WEIR (Melfort): I cannot give the names of the farmers who have illustration farms. The larger experimental farms in Quebec are at Ste. Anne de la Pocatière, at Cap Rouge, Farnham, L'Assomption, and Lennoxville. Those are all I can recollect, but I think that is all.

Mr. DUPUIS: The minister cannot state the number of illustration farms in the province?

Mr. WEIR (Melfort): No, I cannot, but I shall be glad to send the information to the hon. member.

Mr. BRADETTE: Again I want to make an appeal under this item, as I did last year, for the experimental farm at Kapuskasing. Last year $500,000 was voted for the public works program, and only $1,200 was spent for new buildings at that farm. I do not think the minister has ever visited that farm—I suppose he has been too busy but if he

had he would have seen for himself that the living quarters of the men working there are a disgrace not only to the government but to that section of the country. The minister promised me faithfully last year that out of the public works vote a certain amount would be given for that purpose, but only $1,200 was so spent. The working men at the Kapuskasing experimental farm are at present living in tar paper shacks built in 1914 to lodge the prisoners of war. Those shacks have not been renovated in any way. They are not fit for cattle to live in. I should be possible for the Department of Agriculture to spend at least a little money for that purpose. We have been very patient. The minister is well aware of the wonderful work being acomplished by that experimental farm, which is looking after the agricultural needs of northern Ontario and southwestern Quebec. It is giving service to nearly 200,000 people, and it covers an area of nearly eighty-five per cent of the province of Ontario.

The minister no doubt realizes that there is no grain barn in Kapuskasing. I am speaking from personal knowledge; I visit that farm every year. Last year five thousand bushels of oats were practically lost on account of rain; they had to thresh the grain as soon as it came out of the field for want of a grain barn in which to store it. The minister will realize that an expenditure of only $1,200 on the buildings on that farm was simply ridiculous. I am very much in earnest in this appeal. When I was sitting on the government side I made similar efforts to get more money and I am glad to say I did get some more. We are not jealous in our section; we are glad that the government found it possible in the past to bonus the wheat growers of the west to the extent of several million dollars. Under the new marketing act northern Ontario will derive no benefit whatsoever, and the same applies to other legislation such as the farm loan act; we do not receive any benefit whatsoever from it. For the last five years I have been asking the government to spend the money absolutely needed for the administration of that farm. Surely the minister is fully seized of the necessities of the case. Kapuskasing is a rallying point for the rural classes in our section; people come there from hundreds of miles about; in some cases they travel five hundred miles in order to get there and see what is going on. The Kapuskasing farm is doing wonderful work in pushing back the frontier of this country. There is a great demand for pedigreed stock, for seed grain, for literature and so on, and with the limited funds that have been available this farm has been unable to comply with more than one-fifth of the requests that have been made each year.

There is another point to which I should like to direct the attention of the minister. Some of the men working on that farm have had their wages cut by twenty-nine per cent for the last five years. Three years ago ten per cent was taken from their wages; only five per cent was given back this year. In some cases an injustice is being done these workingmen; as I say, some of them are receiving twenty-nine per cent less than they were getting five years ago. The minister knows that the cost of living in northern Ontario is higher than it is in this part of the country. I am sure the minister will realize that I am sincere in regard to this matter, and I am appealing to him to see if he cannot find it possible, either under this item or under the public works program, to see that the workingmen at the Kapuskasing experimental farm are provided with decent living quarters.

Mr. WEIR (Melfort): I regret that it has not been possible for me to visit the Kapuskasing farm; it is one of the few I have not visited. I fully appreciate that it is one of the most valuable farms in the entire system from the point of service, and I believe it has been very actively supported by the farmers of that community. If conditions are as the hon. member has stated—and I have no doubt that his statements are correct—provision will be made under the public works vote for better accommodation for the labourers and those engaged at the farm. I shall be glad to take into serious consideration and to submit to the officials of the department the recommendation of my hon. friend in this connection.

Mr. HANSON (Skeena): I should like a little information from the minister; I do not feel that he has given me the answer to which I am entitled. If he has not the information with him, perhaps at another time he will tell me how much money has been spent in that seven hundred miles between the Alberta boundary and Prince Rupert along the line of the Canadian National railway to assist the agricultural population by way of experimental plots; the places where that money has been spent; what was spent in 1934 and what it is intended to spend in 1935.

Mr. WEIR (Melfort): I have not that information with me, but I shall be glad to send it to the hon. member.

Item agreed to.

Cold storage warehouses—further amount required, $150,000.

Mr. YOUNG: I should like a little information in connection with this item.

Mr. WEIR (Melfort): Grants are given under the Cold Storage Act to assist cooperative organizations, in particular, when they feel that it is to their advantage to erect cold storage plants in certain localities for the preservation of agricultural products. During the past two years we have included in the general estimates only the amounts for which commitments actually had been made. It was felt that it would be unsatisfactory to estimate what might be required in addition for further work because up to that time few applications had been received. Therefore the rest of the vote was held over as long as possible in order to have as many applications as possible received and inspections made of the properties concerned. In that connection we believe that $150,000 will cover all the approved applications to date and leave a small balance over for applications known to be in the course of preparations in different parts of the country. The basis of the grant is this: After the property has been inspected, after the location has been found suitable and after the values have been found to be correct, under the Cold Storage Act a grant may be made up to thirty per cent of the total value of the building and equipment. Of that grant fifteen per cent is given in the first year; seven per cent in the second year and then I think four per cent, two per cent, and two per cent.

Mr. YOUNG: Is any of this money available for grants to individual farmers or producers for cold storage purposes?

Mr. WEIR (Melfort): No.

Mr. YOUNG: Is there a policy of making grants to individuals?

Mr. WEIR (Melfort): No. This is under the Cold Storage Act, a separate act that is administered by the dairy branch of the Department of Agriculture.

Mr. DUPUIS: Has the associated cooperative of Quebec received a grant?

Mr. WEIR (Melfort): I could not say. I may tell the hon. gentleman, however, that the application must be received and passed upon before any work is done, and very generous consideration is given by the department. Where we feel it is at all warranted we are anxious to give every possible assistance under this act.

[Mr. R. Weir.]

Mr. DUPUIS: Would the minister inform me, whenever it is convenient for him to do so, what amount if any has been granted the associated cooperative of Quebec?

Mr. WEIR (Melfort): Yes, I shall be very glad to do so.

Mr. TAYLOR: I should like to ask the minister if the application of the Norfolk Fruit Growers' Association is being considered under this item.

Mr. WEIR (Melfort): I believe that is one of the applications that has been considered. If the application has been in for a length of time sufficient to enable the officials of the department to report on it, those making the application will have been advised. As I have said already, however, generous consideration is given all such applications, particularly those from fruit districts.

Item agreed to.

PENSIONS AND NATIONAL HEALTH

Salaries and contingent expenses of the Canadian Pension Commission—further amount required, $10,000.

Mr. MACKENZIE (Vancouver): I should like to ask the Minister of Pensions and National Health to explain this increase.

Mr. SUTHERLAND: It is felt by the chairman of the commission and myself that better service might be given the pensioners and those who desire pensions if occasionally they might be examined by other doctors. Often after a doctor has examined an applicant three times he has a tendency to look at the man in the same way every time, and this is to obviate that possibility to a certain extent.

Mr. MACKENZIE (Vancouver): Will these be private doctors outside the department?

Mr. SUTHERLAND: No, these are the permanent men.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

Militia Services—

Engineer services and works—further amount required, $400,000.

Mr. LAPOINTE: I wish to direct the attention of the committee to the huge share of these supplementary estimates devoted to military purposes. First we have this item of $400,000 for engineer services and works, further amount required; the next item is general stores, further amount required, $600,000. This is all in addition to what was voted in the main estimates, which was supposed to meet the requirements of the

Department of National Defence. The next item is for non-permanent active militia, further amount required, $386,000; the next item is for permanent force, further amount required, $265,000. Those sums make a total of $1,651,000 for militia services. If you add to that the $145,000 for naval services and the $1,302,900 for aviation, you reach the enormous amount of $3,098,900 for militia, naval defence and aviation. If you add to that the other items which are voted to other departments, such as the $400,000 for a barracks in the good old city of Calgary which is so ably represented in this house, you reach the huge total of $4,500,000. That is almost one-third of the total amount to be voted in these supplementary estimates, a larger amount than that being voted for public works and much larger than the amounts provided for any other service of government. I desire to protest against this huge expenditure for military purposes, and I wish the minister would give the committee the reasons why such amounts are required at the present time.

Mr. STIRLING: In a general way these supplementary votes are necessary because of the dilapidation which has taken place during the past few years. For the last three or four years necessary economies have been affected and expenditures have been curtailed and we are endeavouring to restore the properties of the department, both physical and human, to the condition in which they were before. Under the engineering vote, $50,000 is required for the repair of buildings which have been allowed to deteriorate to a certain extent. If these buildings are not restored we shall have to spend a great deal more later on. The second item is $70,000 for construction work on the citadel in Quebec. I was interested in seeing the work which has been done in restoring the citadel. As the frost comes out each spring the masonry walls are in great danger of sliding down on to the streets of Quebec, and I am surprised that a major accident has not occurred already.

Mr. LAPOINTE: Is not that work on walls being carried on by the unemployed in the relief camp at the citadel?

Mr. STIRLING: A certain amount of work has been done in that way, but if these walls are to be prevented from falling into the streets the work will have to be done more quickly in order to complete it before next winter. The largest item in this engineering vote is to provide for the purchase of land at Rockcliffe in order to carry out the arrangements which have been arrived at by the federal district commission, the Department of Justice acting for the Royal Canadian Mounted Police, and the Department of National Defence. This scheme in connection with the Rockcliffe airport has taken some little time to consummate. The federal district commission has been most anxious to improve the entry into Ottawa from Montreal, and through the acquisition of certain pieces of land, through a give and take by all the parties mentioned, a suitable arrangement has been arrived at under which certain high land to the south of the Rockcliffe air field passes into the possession of the Department of National Defence. For some time this department has been desirious of removing certain high trees which were a menace at least to emergency landings, and they will now have control over any buildings which may be built on this land. The commission gets its new roadway as well as other pieces of land which in due course will probably be sold, and the money derived from the sale of these lands by the district commission will be a first charge against this expenditure. The Royal Canadian Mounted Police will be able to round out a piece of property close to their barracks which hitherto they have had to borrow from the Department of National Defence. They will get an area very well suited to their purposes and the Department of National Defence will retain control over building to be erected so that the landing facilities of the Rockcliffe field will not be jeopardized.

Sir EUGENE FISET: Do the three items referred to by the minister make up the total of $400,000?

Mr. STIRLING: That amount is made up by the $50,900 I mentioned for the repairs of buildings. I gave the figures roughly. There is $69,693 for the Quebec citadel. There is $12,500 being provided for the arsenal program, to which I shall refer later. This covers the removal of the dominion arsenal from Quebec to a point of greater safety at Valcartier. The transfer of the survey section to a new building at Rockcliffe will cost $9,150. The completion of the married men's quarters in St. Johns, Quebec, will cost $24,100. There are small travelling and freight allowances amounting to $1,250. The purchase of property at Rockcliffe, to which I have alluded, will cost $150,000. There is $9,000 being provided for the extension of a sea wall at the Charlottetown rifle range. A concrete sea wall was erected to prevent erosion but it was not carried quite far enough along the western end and the sea has been encroaching behind the existing wall. It is desirable that the wall should be protected. The replacement of an

extremely aged heating system in the drill hall at Charlottetown will cost $5,550. The general renovation of the gun emplacements at the Sandwich battery at Halifax will cost $8,000. Provision is being made for a vote of $45,000 for the rebuilding of the wooden part of the armoury at Fredericton. This is a permanent construction with the exception of one end which is wood, and it is no longer money well spent to continue to repair this portion. As these premises are badly needed it is intended to tear down the wooden structure and replace it with a permanent structure. The construction of a concrete retaining wall and the erection of a competitors' hut and other repairs at the Truro rifle range will cost $2,000. The paving of Cogswell street and North Park street in front of the military properties in Halifax will cost $3,000. Then, there is provision for installation of mechanical stokers at Toronto; construction of an addition to provide a miniature rifle range at Kingston armoury; installation of water supply and electric current at Cedar Springs.

Sir EUGENE FISET: I am very sorry that the minister has not chosen to take into consideration the representations which I made on the main estimates when the ex-Minister of National Defence was in charge of the department, in regard to the extension of the armoury at Rimouski which was requested by the officer commanding the regiment and recommended by the officer commanding the district and the adjutant general. The ex-Minister of National Defence left me with the impression that this demand for an extension which is so urgently needed would perhaps receive recognition when the supplementary estimates were brought down. I am sorry that an item has not been included in the list of works mentioned, and I am sure the fact that it has not been included will cause bitter disappointment to the officers and non-commissioned officers of that regiment.

Mr. FRASER (Northumberland): This afternoon I participated in a discussion respecting a certain province within this confederation, and in my humble opinion that legislation which we voted on this afternoon was introduced because of the economic depression. To-night I have before me certain telegrams received from one of the eastern provinces, one of the maritimes, the province of New Brunswick, and from these, Mr. Chairman, I understand that there has been a military and political defeat in that province. What I am particularly concerned about at this time, and I rather had it in my mind this afternoon when the vote with respect to another province was being taken, is what might happen if we were confronted with a military emergency as well as an economic emergency. In an economic emergency one particular province has been excluded by the vote this afternoon from the operation of a federal act, and with that vote as a precedent, if we were confronted with a military emergency and conscription was applied in Canada, I wonder if the minister would vote to exclude one particular province from a federal act on conscription. I should like to ask on this vote if there is any intention to exclude the province of New Brunswick on account of the overwhelming defeat that has been inflicted upon the Conservative party in that province within the last few hours.

Mr. STIRLING: The answer is no.

Mr. McPHEE: I would like to suggest in regard to this vote that I support the hon. member for Northumberland (Mr. Fraser), because I have just returned from the province of New Brunswick to-day—

Mr. SPOTTON: Oh, that is the reason!

Mr. McPHEE: —and the Minister of Trade and Commerce (Mr. Hanson) is still down there. I was wondering if in the case of a war the Minister of Trade and Commerce could come back to Ottawa and the parliament of Canada.

Mr. COTNAM: How clever!

Mr. McPHEE: The province of Ontario boasts of its quintuplets, the Dionnes; Saskatchewan followed suit with five quintuplets of the Cooperative Commonwealth Federation on June 19, 1934; the Prime Minister had quintuplet radio addresses last January, and now New Brunswick, I see by telegrams I have in my hand, has followed with a set of quintuplets—five Tories. The premier of the province and all the members of his cabinet have gone down to defeat. I would say to my hon. friend who is piloting this item through the committee that the people of this country and their representatives on this side of the house might very well say to him and his colleagues as Cromwell said: Get ye gone; give ye place to better men.

Mr. COTNAM: A case of inflation.

Mr. WOODSWORTH: I should like to join with the hon. member for Quebec East (Mr. Lapointe) in protesting against this very large increase in military expenditures. As he said, these three items alone constitute

another $3,000,000. When we have asked that something more be done for the men who are now unemployed, we are told by the government that they have no money. There is trouble to-day, as we all know, in the city of Regina over the question of the trekkers. The trouble arose because of the unsatisfactory conditions in the camps in British Columbia. I think it is apparent to all that not only in British Columbia but everywhere else where the present system is in vogue there is a very great deal of dissatisfaction over the placing of these men in camps and giving them only twenty cents a day. A good deal of the work that is being done in the preparation of landing fields is being done by these men at twenty cents a day, which is all that is paid even for work requiring skilled labour. I do not intend to go into that matter again at this time because it has been gone into again and again, but I do urge that when we are told that we cannot make any more adequate provision for our unemployed because there is no money, that is an absolute sham when in these estimates we can vote $3,000,000 for military purposes.

Mr. DURANLEAU: For works.

Mr. WOODSWORTH: Some of it is for works, but why not works that will serve the needs of the people? We are living to-day in a period when there is no immediate danger of our being dragged into a great war.

Mr. COTNAM: How do you know?

Mr. WOODSWORTH: As I said once before, if we were going to go into a world war the provision we have now would not take us very far in such a matter as that. The Department of National Defence says that they have no immediate program that contemplates our being dragged into a war in the international field. When the main estimates were under consideration the minister said that one of the reasons for such military expenditures was that we must maintain law and order in this country, and I fancy that that is one of the very real reasons why we are having such a huge additional expenditure on military forces in this country. If you want public works, build schools instead of arsenals; if you want public works, build homes instead of barracks. There is another way of providing public works than that which is being proposed to the committee here.

One cannot but feel that there is a very great discrepancy between the amounts that are being contributed to solve outstanding unemployment problems to-day and these amounts which are being voted for military purposes. I say that any government that will come down with supplementary estimates for military purposes to the extent of $3,000,000 have no right whatever to say that they cannot afford to pay unemployed men more than twenty cents a day—none whatever. Further than that, if we were paying them more than twenty cents a day, if we were paying them the wages which they quite reasonably ask that they should be paid, we would not have the need of expending money on military forces within this country. We have within the last few days seen a considerable increase in the mounted police force, and I was told by someone to-day that several unemployed firemen around the city of Ottawa are now going around in mounted police uniforms. As this gentleman said, it is an ill wind that blows nobody good. While we are increasing our mounted police, while the soldiers are standing by, ready if necessary to meet contingencies in western Canada arising because of this trouble with the trekkers—I do not want to be accused of encouraging disorder; I do not want to be accused of urging anyone to take action that will be opposed to law and order, but I do say—

Mr. COTNAM: Pour on a little gasoline.

Mr. WOODSWORTH: —that if there is disorder at the present time it is the result of policies which for years have been carried out with regard to these unemployed men. The Minister of National Defence is, in a curious way, at the head of the department that deals with these unemployed men. That is the reason I have for taking the matter up at the present time; the two are closely related. If the present policy of giving men only twenty cents a day and putting them in camps is persisted in, the minister will also be expected to call out the forces if necessary.

Now I think that the Minister of National Defence has the reputation in this house of being fair; I have always so regarded him. I regret that his throat is in such bad condition, because I do not want to put him in the position of having to answer a number of questions; but, reading the report of the commission that studied the situation in British Columbia, I think the hon. gentleman was hardly fair when he made his statement regarding that report. The papers throughout the country heralded his words, but he gave a very small part of what the report contained. It seems to me that we

should have had the whole report; for within even the narrow limits within which the commission worked there was found much that was very unsatisfactory indeed. And remember, these projects are closely connected with the matters we are considering in this vote. Take the question of food supply. It was said that the food was fairly satisfactory, but the commission said they had to make an exception of milk and meat, surely two very important items in the food supply. They said that the meat was not up to specification and that this formed a just cause of complaint. That was the report of the commission. With regard to cleanliness, they said that on the whole the camps were not in bad condition, and that, I believe, is true so far as Rockcliffe is concerned, of which mention has been made to-night. They did say, however, that in Point Grey rats had become a menace more particularly in the bunkhouses. Let me read from the report:

As to Point Grey camp (200), the men properly complained as to the unsanitary condition of the latrines and cess pools; also want of cleanliness in the washhouse and showers. We found that these were disgraceful —crude, unsightly and dirty. The wash basins were worn and chipped, and should have been discarded. All these essentials should be renovated, if not completely replaced.

They pointed to some of these little irritating things. For instance, there is the matter of tobacco. I do not happen to be a tobacco user myself, so that I cannot appreciate the difficulties in this regard as much as some others in the house can. But the commission stated that the men had to wait until they had been in the camp a sufficient length of time to cover the cost of a package of tobacco, at 1·45 cents per day. You can understand how these little irritations would cause dissatisfaction among the men. But much more important than that is the finding of the commission that—

—camp life, generally speaking, is not the normal condition under which men desire to live.

And again that—

—many men who are forced by circumstances to go to relief camps are utterly unfitted for either the type of life involved or the work expected to be done. Many have been trained in various trades or professions and find themselves utterly unsuited to the manner of life in the camps as to the tasks given them to do.

Then came the very difficult question of workmen's compensation, which is not provided for under the provincial laws but which at best comes in the form of a gratuity from the federal government.

[Mr. Woodsworth.]

The CHAIRMAN: Will the hon. member try to keep a little more closely to the item. At present he is a long way from it.

Mr. WOODSWORTH: I submit that this is very closely related to the item under discussion. The Department of National Defence has charge of these camps, one of the expenditures the minister mentioned being in connection with Rockcliffe camp, while others referred to the citadel of Quebec, both works being carried on with the class of labour I am discussing. And further than that, the reason for a large military establishment, as admitted by the minister, under the main estimates, was that the government might be able to maintain law and order. I am therefore not very far from the question under discussion.

To return, while the commission admitted that their power was limited and that they could not discuss the policy of the government, they did point out that the chief cause of discontent and unrest was the absence of an adequate wage for workers in the camps; and they expressed grave fear that morale and incentive would gradually disappear with the continuance of these camps. They pointed to the difficulty of the men in the camps, owing to isolation, keeping in touch with the labour market with a view to possible employment. And so on with other deficiencies in existing arrangements.

We now face a critical condition in the west arising out of a certain policy which has been carried on by the government for a considerable time. I frankly admit that as far as I can ascertain the men in control of the trekkers are communists or belong to one of the subsidiary communist organizations. But I urge that that fact should not blind us to the real evils that have been existing in the camps and which have caused the men so readily to listen to communist advice. That is the point. Personally, I do not think it is fair that the Prime Minister should centre attention upon the consideration that they were led largely by communists. That does not touch the main point at issue. And further than that, if there is necessity for calling out the mounted police or the troops within the next few hours, as the papers tell us there may be, that trouble will arise primarily because of the failure of the government to deal adequately with the problem in its earlier stages. That is important, and I do not see how you can get away from it in a discussion of this kind.

There are a number of points at issue. The Prime Minister said that these men would not be allowed to trespass, but the

fact is that they were allowed to trespass all the way from Vancouver to Regina, and at that particular point the axe comes down. Who is responsible for permitting the trespass for a thousand miles or more? Why should they be stopped at that particular point? I do not think one can blame the men at this stage for wanting to do what they were permitted to do a little earlier. Again, the Prime Minister said that he could not interfere in British Columbia without the request of the provincial authorities, and yet he did interfere a few days later over the head of the premier of Saskatchewan. That is not consistent action. That is not the worst of it. It means that now there is danger of a clash in which lives may be sacrificed because of the bungling of the government in the earlier stage of the march. They will have to assume responsibility for trouble that may arise. Worst of all, when the delegates of the men get here what are they given? All we can say is, "Go back to your camps"—that is, go back to conditions which the commission itself described as not being satisfactory. They must go back to the conditions which led them in the first place to leave the camps.

I wish the house could get some idea of how the men really feel in these camps. I do not know whether the chairman thinks I am going too far afield, but let me again remind the committee that these are projects such as the Rockcliffe camp in which the men are required to carry forward under the twenty cents a day scheme.

There recently came into my hands a little pamphlet published by a man whom I know out in British Columbia. It consists of a diary of one of these men, and I think it might be entitled Idle Thoughts of an Idle Fellow. It describes just how these men feel with regard to being put into these projects:

> Hear that a meeting is to be held in one of the bunkhouses about the coming strike. Lots of the boys who have been here for some time, have come to the conclusion they had better make a change before it is too late. When you stay in one of these camps too long you get to feel lost, lost, lost. To really understand what I mean, you would have to come and live in one for a year. There are men in here who have worked all their lives and are no better off than I am to-day. Capable men in many fields of work, just going to hell because they have no real jobs—how intriguing! What an incentive to prepare in a manner to be able to give your country the best that is in you.

That is a very human way of putting the situation. Are we to put Canadians into uniform to shoot down men who think that way? That is the real question that comes before us.

Mr. CASGRAIN: The Tories will.

Mr. COTNAM: That is politics.

Mr. WOODSWORTH: Yes, over there. I am not worrying about that.

Mr. STEWART (Edmonton): He has been helping you.

Mr. WOODSWORTH: I am not talking politics to-night.

Mr. COTNAM: The hon. member is capitalizing on this.

Mr. WOODSWORTH: I do not think anyone can accuse me of capitalizing on this. These men in practice have no votes, because this house refused to put polling booths into the camps, so that the men have no votes. That settles that charge. These camp workers are deprived of the voting privilege, and let me point out that that is one recourse they might have had; they might at least have used the voting method of securing redress or improving their conditions. Of that they have been deprived. Is it any wonder that some of them are led to take direct action? Somebody suggests that one is playing politics. The first intimation I had of being asked to cooperate in a matter of this kind came from one of the communists and it was written on a letter head entitled Communist Federal Election Committee. As everybody knows, the communists are actively opposing us in connection with this election, so that when I am speaking of these matters I am not speaking in any way for the communist party; I desire that to be clearly understood. I had a communication a little bit later from the secretary of the National Unemployment Council of Canada asking for cooperation regarding their trek. This is the reply I gave:

> When your organization last visited Ottawa and two of you came to interview me re my addressing a meeting of your group, I explained to you at some length that the policy of the Cooperative Commonwealth Federation was not to cooperate with communist-dominated organizations of which we regarded the National Unemployment Council of Canada as one. Our policy has not changed.
>
> With regard to the attitude of the British Columbia provincial council—may I say that your information is entirely erroneous.

That reference to the British Columbia provincial council was this, that our Co-operative Commonwealth Federation people in British Columbia did cooperate with the strikers in so far as they attempted to give them a good hearing and to see if possible that the evils under which they suffer might

be redressed. But they soon found that the communist groups, to use the common phrase, double crossed them. I had a letter from our secretary regarding the matter. This may be of interest to the committee as giving an idea of the situation:

The Canadian Commonwealth Federation has extended the utmost support, morally and financially, to your committee. No attempt has been made to dictate or interfere with your policy and tactics. The desire, as frequently expressed, has been simply to help the strikers in every way possible, with all the resources at our disposal, and only in a manner satisfactory to the strikers.

The action taken in a meeting of the strikers indicates that the cooperation and support of the Cooperative Commonwealth Federation is unwelcome, and is therefore repudiated by the strikers. It has also been indicated that prominent leaders of the strikers are more interested in capitalizing the situation to the disadvantage of the Cooperative Commonwealth Federation than to the advantage of the strikers and the winning of the strike.

The Cooperative Commonwealth Federation has given concrete evidence of support for the strikers and their demands and is prepared to continue that support, if acceptable, but finds it impossible to proceed with plans now under consideration, in the face of repudiation by those whom this support has been tendered.

They were thus forced in British Columbia definitely to repudiate cooperation before the trek eastward started at all. I confess that those of us who are trying to represent labour find ourselves in a difficult situation. We have had a great deal of sympathy with the men in these camps.

The CHAIRMAN: Surely the hon. member is going too far altogether in making a speech on this.

Mr. GUTHRIE: Let him continue.

Mr. WOODSWORTH: I will not go much further along this line. This whole digression came because of an interjection by an hon. member opposite. I say that our Cooperative Commonwealth Federation group have tried to express sympathy with the men in the camps. We have raised this question again and again in the house. We did it on the national defence estimates. The difficulty is that as soon as we make any move along this line there are those, like one of the hon. gentlemen opposite, who accuse us of sympathizing with communist methods.

I want to return to the description of what these men in the national defence camps feel. This is from the diary from which I was quoting:

Here is a summary of the system under which these camps operate: We are not allowed to call meetings, but still they are called. We talk revolution and all its attending evils (?) without being hindered. We go on strike whenever the mood strikes our fancy. Are evicted. Go to town and get relief until we are reinstated, then back to some other camp.

That is the way in which things have been going on for some time. Again:

But it is not only the conditions of these camps that make us get up and howl for something to be done about our state. It is really the fact that we are getting no place in the plan of life—we are truly a lost legion of youth—rotting away for want of being offered a sane outlet for our energies. Something to do and something for that doing.

Surely that is a legitimate ambition for every young Canadian—something to do and something in return for doing it. I would remind the committee that most of the men are young. The average age is about twenty-three, just boys. If it were not that I am getting my indemnity, I fancy one or two of my boys would be out in these camps because there is practically nothing for boys to do when they get out of school or university. This is the situation we find ourselves in. These camp boys are not hoodlums; they are not criminals; they are simply boys out of a job; and we are refusing in any large way to adopt any policy that will give them a job. We content ourselves with preparing, if they persist in their march eastward, to send out troops to shoot them down. That way of treating them is surely not worthy of the Canadian people. This man later on writes again:

The bank that we are working on is so hard that we couldn't do anything to it even if we wished. Machines have been made so man could do things on a large scale, and here we are playing around with picks and shovels. Here we are, the youth of a young nation—we either stay here or else are forced to bum around the country begging or stealing.

A great and lasting force has risen from this oppression—the seed is planted—the germination has been more successful even than hoped for. The authorities are beginning to worry over the fact that the youth of the land are leaning to communism. What did the fools think we would do? Take it lying down?

And again on April 3:

The day is nearing! This grand and glorious walkout will tell when all the boys land in the city of Vancouver. We have learned that we can't get anywhere by simply striking and holding the strike within the bounds of the camps. We must wake the public to action—show them proof of our pitiable state. Hundreds will darken the tops of the box cars as they wheel towards the big city. "On to Vancouver" is the slogan. Will Vancouver turn us down? Many are the men who have been sent from the.....area to the big house on the hill at Essondale. One of the

boys went nuts there this winter and had two guards over him till the snow was off the trail. Such is the result of living as we have to under unnatural conditions. What I could show the public if I only had a camera!

I must thank the chairman and members of the committee for their courtesy in permitting me to read these extracts from this boy's diary. What I want to impress upon the committee is that these boys are ordinary Canadian boys, caught by the depression, unable to continue their schooling, unable to find a job; the state itself not providing any very material help but simply hustling them off into the country in remote camps where they may be less likely to cause trouble. Is that the way to deal with good Canadian boys? I do not wonder that they want to call the attention of the nation to their pitiable condition. And how have we received them? I do not think I can speak too strongly of the despicable way in which the Prime Minister received those men the other day. I regret that their leader was a man with a criminal record; that of course discounts him. I regret that they are under the leadership of communists, and undoubtely communists have their affiliations—

Mr. DUPUIS: May I ask a question?

Mr. WOODSWORTH: Just a moment.

Mr. DUPUIS: Just a question, if the hon. member will allow me. What would the hon. member have done if he had been the prime minister?

Mr. WOODSWORTH: Well, it is very difficult to say. My colleague suggests, wait until I become prime minister.

Mr. COTNAM: That is an evasive answer.

Mr. WOODSWORTH: I would say the first thing was to receive them with the courtesy due to any delegation that comes to the prime minister of this country.

Mr. POULIOT: Hand them cigars.

Mr. WOODSWORTH: The fact that one of those men had a criminal record was held to the forefront not only in the interview but all across the country as discounting the entire group.

Mr. GRAY: He represented the men.

Mr. WOODSWORTH: He may have been chosen to represent them, but if the men did not choose any better representatives than some in this house, you can understand the difficulty.

Mr. FRASER (Northumberland): On a point of order, Mr. Chairman, I take exception to the hon. gentleman connecting any hon. member of this chamber with the leader of that group. If I understood the hon. member correctly he drew a parallel between the leader of that group, who admitted he had a criminal record, and hon. members of this House of Commons. I ask the hon. member to retract that inference.

Mr. WOODSWORTH: There is no inference at all.

Mr. FRASER (Northumberland): It is beneath the dignity of any hon. member of this house to make any such inference.

Mr. WOODSWORTH: There is no such inference.

Mr. FRASER (Northumberland): It was a plain statement.

Mr. WOODSWORTH: I am afraid the hon. gentleman is a bit exhilarated over the victory in New Brunswick.

Mr. FRASER (Northumberland): I don't have to get exhilarated as far as you are concerned. I ask that the hon. member withdraw the inference he made.

Mr. WOODSWORTH: There is no inference to withdraw.

Mr. FRASER (Northumberland): Well, repeat the statement.

Mr. WOODSWORTH: I will repeat it as nearly as I can remember. The question was asked with regard to this man representing the camp workers. I tried to suggest that they had no opportunity of knowing of his criminal record; he was selected simply because he was more active than the rest My suggestion was that they had no very good method of choosing their representative and in fact did not do much better than was done in the choosing of members of this house.

Mr. FRASER (Northumberland): Mr. Chairman, in accepting the anaemic explanation of the hon. member may I say that if he thinks he can stand there with a smug grin on his face after making an inference comparing the leader of that group—

Some hon. MEMBERS: Order.

Mr. FRASER (Northumberland): —a man with a criminal record—

Mr. WOODSWORTH: Wait a minute.

Mr. FRASER (Northumberland): I have the floor.

Mr. WOODSWORTH: Mr. Chairman, I have the floor.

Mr. FRASER (Northumberland): On a point of order, Mr. Chairman, I still insist that the hon. member withdraw that inference. Where do you think you are, in a dock strikers' meeting?

Mr. WOODSWORTH: There is no point of order, I think. The question was asked, "What should have been done?" The men made much more reasonable requests than might have been imagined. When they suggested fifty cents an hour they were probably stating the maximum amount, but I notice fifty cents an hour is being seriously considered in Ontario in connection with relief work. Fifty cents an hour for a six hour day and five day week after all amounts to only sixty dollars a month. That is not so very much more than is being spent now per man under this present scheme. And if we did pay these men sixty dollars a month it would take an enormous number of men to exhaust the sum of three million dollars that we are asked to vote to-night. That is the reason that I brought this matter up under this vote. In the supplementary estimates three million dollars can be appropriated for military affairs, but we cannot pay sixty dollars a month to men who are giving or are prepared to give good service in this country.

Then, further, the men asked for workmen's compensation.

Mr. DUPUIS: That is provincial.

Mr. WOODSWORTH: Although that is a provincial matter, the report of the commissioners points out that it constitutes one of the difficulties. Some definite arrangement ought to be arrived at regarding it. At the present time it is a mere gratuity. The relief workers are working side by side with men who have the right to compensation, which they have not. It is a legitimate grievance.

The third point was the recognition of camp committees. Complaints would be heard at any time, the Prime Minister said. But the men asked that they should be represented by their committee. A case was brought to my attention only this afternoon, and I give full credit to the minister for very kindly and promptly taking it up. A man was discharged from a nearby camp. He came to me in the lobby a few hours ago and said he was quite guiltless of the crime charged, that no proof whatever was adduced; he was simply told to get out, and he felt quite confident that that would mean that he could not get back to any other relief camp. It is to prevent abuses of that kind that we seek to have some change in the regulations.

Mr. COTNAM: You do not know the case yet; you are only giving one side.

Mr. WOODSWORTH: I am giving the side that has been omitted.

Mr. COTNAM: The side that suits you.

Mr. WOODSWORTH: Then, they ask for separation of the camps from control of the Department of National Defence. I think that is a legitimate request; we in this corner have been urging it for years. We do not think unemployed men should be put under the control of the National Defence department. Why should they? The officers over them may be kindly men, but they are not accustomed to the problems which these young men face. Army discipline should not apply in these camps; the training and discipline of army officers does not particularly qualify them to deal with this class of men.

Then, social insurance; that was immediately rejected. I suppose that meant non-contributory unemployment insurance. We in this corner have advocated that for some time. They ask also for guarantee of the relief camp workers' right to vote. That strikes deep at the very foundation of our Canadian citizenship. We have, in practice, disfranchised this whole group of men. They feel that they have no way of expressing themselves at the polls, and so they have taken direct action. Is it to be wondered at?

The Prime Minister says that law and order should be maintained. For years I have stood out for the peaceful settlement of international affairs and also for the peaceful settlement of affairs in our own country.

Mr. COTNAM: Like the Winnipeg strike.

Mr. WOODSWORTH: The Winnipeg strike is too big a matter to enter upon at this time. That is a silly interjection; it has nothing to do with my position. So far as I am concerned I have nothing whatever to be ashamed of in connection with the Winnipeg strike. If the hon. gentleman cares to read the issue of the Winnipeg Tribune just arrived—a Conservative paper—he will find that in the leading editorial, notwithstanding the Winnipeg strike and all that, I am commended for having taken the stand that I am taking these days regarding this matter. I do not see why in this house we cannot discuss any question on its merits without some member interjecting entirely irrelevant things into the discussion.

Mr. ROWE: What about the merits of the item?

Mr. WOODSWORTH: I think I have already explained that this is closely connected with these camps to which to-night we are asked to give an additional grant. Further than that, the only reason that I can see—and the minister has given no very good reason—for extending the military forces of this country is to be able, as the Prime Minister says, to maintain law and order.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I want to maintain law and order just as much as anyone who says "hear, hear," but what kind of law and order? It is law and order under which there can be, as there has been in the past, exploitation of the poor with no opportunity for the poor to better their condition? Is that the kind of law and order we want in this country? Is it law and order under which we will have something very like a military dictatorship while tens of thousands of our young boys are prevented from living a normal life, herded into these camps, some of them kept there for four long years, without any opportunity of advancing their education and without any hope of getting any further on in life? Before it is too late I ask the government to reconsider its entire position and, in all fairness, not to let the whole burden of blame fall on a few people at the present time who perhaps have taken unwise steps but who have been incited to do so because of the bad conditions that have prevailed for the last four years. Again I protest against the increase in this item for military expenditures.

Mr. GUTHRIE: Mr. Chairman, while I think my hon. friend from Winnipeg North Centre (Mr. Woodsworth) has wandered pretty far from the item under discussion, I am very glad that he has had the opportunity of discussing this item as he has discussed it. I am glad the opportunity has been afforded him of stating, as clearly as he has stated to-night, that the present strike marchers' movement from the west towards Ottawa is essentially a communistic movement, led by communistic influence and communistic organizations.

Mr. WOODSWORTH: Under control of them.

Mr. GUTHRIE: I think probably the organizations to which he refers are those we know as the unemployed association in Toronto, the Workers' Unity League, the Workers' Defence League, the Young Communist League and a number of others the names of which I cannot remember for the moment. There was a time when they openly called themselves communists, but in the province of Ontario the communist society or association was pronounced an unlawful association by the highest courts in the province, and that judgment still stands. So when these communistic leaders reached Ottawa a week or ten days ago they were openly members of an unlawful association.

Altogether apart from that, however, the whole movement eastward has been in defiance, and in rather open defiance, of the law of the land. From information that comes to me—and it comes once a week—I have not a doubt but that the disruption of the camps, of which my hon. friend has spoken to-night, was the result of communistic propaganda. It is the result of the efforts of the Bucks, the Boychuks, the Ewens, the Popovichs and the rest of them. I have known of it for some time; there have been no overt acts in regard to which I could start legal proceedings, but it has culminated in this so called marchers' strike, and the leaders of that striking party are outstanding communists. So I am glad my hon. friend from Winnipeg North Centre has made the matter clear in his speech to-night.

Now the hon. member asks why the strike marchers were not stopped before they reached Regina. This move was organized in the city of Vancouver without notice to anybody; a thousand of them—between eight hundred and one thousand, to be more accurate—boarded Canadian Pacific railway trains one night. There was no force there to stop them. They went eastward through the province of British Columbia, and it was suggested that they should be stopped in British Columbia. There was no force to stop them. They came eastward again to Calgary, and they practically worked their will on that city. They established pickets around the employment bureau; they demanded rights, food, sustenance, and said if they did not get their demands they would help themselves. We had no force there to stop them; we had not taken any steps through the mounted police or the militia. They came eastward again to Regina. At that point both railway companies complained and said they were entirely unable to cope with the difficulty. By this time the number had swollen to some 1,500, recently increased to over 2,000, I believe. The railway constabulary could not cope with the situation. Both railways applied to the government. Both railways applied to the provincial government at Regina

without any result. We thought it was our duty to maintain law and order and to prevent unlawful travel upon the railways of Canada by those strikers in contravention of the clear provision of the Railway Act under which both our railways operate.

When these representations were made to the government the government asked the mounted police to assist in preserving order and in preserving the safety of railway traffic not only for passengers but for employers and for trekkers as well, and to see that railway property was not further trespassed upon. We had to place sufficient of the mounted police at Regina to see that the law would be regarded, and they are there yet. The delegation came to Ottawa, as my hon. friend from Winnipeg North Centre has described, and the demands they made were the demands he has discussed this evening. Following their return to Regina they have announced that they are going to persevere in their effort to reach Ottawa, whether by rail or by highway travel I do not know. At the request of the railways, however, and in the interests of the citizens of Regina and of Canada in general, the mounted police have been instructed to see that the law is maintained and that these men do not come eastward in breach of the law.

As the Prime Minister announced in this house a day or two ago, a camp has been established where they will be fed, housed and cared for in every reasonable way until a final disposition is made of their case in regard to where they will go ultimately. They can go back to the camps whence they came, or there will be no objection to their going to other camps. Those marchers who have homes and desire to return there will be assisted. These things have been made public to the marchers in Regina. A number of them are ready to go to the camp but they are not permitted to do so by the communist leaders. Their baggage has been seized and they cannot get their kits. The office opened for the purpose of arranging to put these men in the camp has been picketed by the communist leaders and their men. That is the situation which obtained in Regina at four o'clock this afternoon. The law will be maintained and the marchers have been notified to that effect. Accommodation is offered to them; they will be fed and housed in the excellent camp established. If they do not go to that camp and persist in breaking the law I am afraid they must take the consequences.

Mr. MACKENZIE KING: I should like to ask the minister what circumstances have arisen since the time at which the main estimates were presented to parliament to necessitate the large increases which have been made in these items. As has been pointed out, these additional sums asked for amount to $1,651,000 for militia services; $145,000 for naval services and $1,302,900 for aviation; a total of over $3,000,000 is being asked for in addition to the amounts voted in the main estimates presented to this house some four months ago. Those main estimates showed considerable increases over the appropriations of the previous year and at that time we were told by the minister that the increases were necessitated by the very things which he has stated to-night, namely, the necessity for normal replacements and additions. I should like to know what circumstances have arisen in the last few months to necessitate these large supplementary votes on top of the increased votes in the main estimates. The main estimates for 1935-36 showed an increase over the appropriations of 1934-35 of $117,136 for militia services, an increase of $28,000 for naval services and an increase of $738,000 for aviation. Those increases amounted to something over $883,000, but the estimates were passed in the belief that they would cover all that was necessary for these services. Instead of that being so, we are being asked to-night to vote not an amount equal to the increases in the general estimates but an amount of over $3,000,000. There must be some explanation for this very large increase. The main estimates for these three services total something like $14,250,000 while these supplementary estimates total over $3,000,000, or nearly one-fifth of the main estimates. What has arisen during the last four months to necessitate an increase of one-fifth over the main estimates?

Mr. STIRLING: So far I have been able to give an explanation of only one item, as the discussion has strayed very far afield to the relief camps of British Columbia and the incidents now occurring in Regina. I shall be glad to give an explanation of each of these items as it comes up. The right hon. gentleman asked why I use the same argument to-night to explain these increases as I used before. The reason is that the dilapidations had occurred then and have occurred since. At that time I argued that these buildings, this equipment and these properties of the department should be put in a proper state of repair. When the main estimates were being considered over four months ago the government was not of the opinion that the money should be forthcoming for the degree of restoration which I thought was proper. I continued to press this matter believing that it was penny wise

and pound foolish not to keep up the properties as they should be kept up, not to permit the training of the non-permanent active militia and allow it to drop below a certain point, and to allow the ships of the Royal Canadian Navy to get into such a condition that subsequent restoration would cost considerably more than at present. The government has seen fit to advance the amount necessary for what can be roughly termed restoration from beginning to end, whether it be material, property or human personnel.

Mr. MACKENZIE KING: There is one item here for the permanent force, further amount required, $265,000. What dilapidation has taken place in the permanent force to require that amount?

Mr. STIRLING: Are we going to jump from item to item, or shall we take them all as one general item?

The CHAIRMAN: Perhaps we had better deal with one item at a time.

Mr. CHURCH: If the hon. member for Winnipeg North Centre (Mr. Woodsworth) had his way, our defence force would be reduced to the boy scouts and girl guides. I would direct the attention of the hon. member to the fact that away back in 1870 and 1885 Canada and the northwest territories were saved from dislocation by the very volunteers he is criticizing to-night. The city of Toronto furnished the Queen's Own, the Grenadiers and the Bodyguard, the latter commanded by the late Colonel Denison. These men had to march 250 miles through the wilderness and across frozen country, with little else but dog biscuits and hard tack to eat, in order to save the very territory from which the hon. gentleman comes and avenge the death of that great patriot, Thomas Scott. Let me tell the hon. gentleman that Toronto sent 65,000 men to the great war and 6,000 never returned. They went to fight in a great cause, for freedom and for civilization; many of them are buried in France and Flanders and there are hundreds more in Christie street hospital who will never come out of that institution well. They went to the war to fight for the hon. member and others. Since I first came to this house I have seen these estimates reduced from $16,000,000 down to about $8,000,000. These militia units are commanded by business men and patriots and quite often they are forced to put their hands into their own pockets in order to provide the necessities for their regiments. But the officers, non-commissioned officers and men do this gladly for their country. They are just as fond of peace and security and just as opposed to war and militarism as the pacifists in this house and out of it, for whose freedom they fought on land and sea and in the air. Let me say to hon. gentlemen opposite that we do not know where to find the Liberal party on this question of militia estimates. It is a game of ins and outs as far as they are concerned. They do not care a hoot what becomes of the defences of this country. The government has already reduced the militia estimates from fifteen to approximately eight million dollars, and the result has been that the service has been starved. Many of our returned men are suffering to-day; many are dying daily, and thousands are in their graves. Seven men were carried out of Christie street hospital last week-end. The women and children of these seven families are suffering untold privations.

Something has been said in this house about soldier pensions. I have here a return that was brought down to an order of the house, and it shows that the great government presided over by the present Prime Minister has done more for pensions and relief than has been done by any government since the war closed. The figures show that Mr. Justice Taylor of the pension commission has settled more cases, that more pensions have been granted on compassionate grounds, and more clothing has been given. There is a vote in the estimates of $500,000 to take care of those on relief and others not otherwise provided for.

I want to say to the hon. member for Winnipeg North Centre, whose speeches I often read, that we have had sixteen years now of this peace talk, peace agreements, peace pacts, and pacifist talk; we have had four or five international conferences on disarmament, and the net result has been the absolute failure of the open diplomacy policy of Woodrow Wilson. So far as I am concerned I have never been enthusiastic about the League of Nations. They had similar leagues of nations ever since the days of Hannibal and Scipio in the old Roman empire. It was said in the olden days that Rome, Italy and Greece would never lose their supremacy, that Spain and Carthage would never lose command of the sea, but both happened. Let me say to the hon. member for Winnipeg North Centre that England to-day has lost command of the sea. I have here the official figures for Great Britain, France, Italy, Japan, United States and Germany, showing the ships of the line, the cruisers, the destroyers, the submarines and aircraft, and without reading all these

figures I may summarize them by saying that the net result is that England has lost command of the sea as a result of pacifist talk and doings. My hon. friend from Winnipeg North Centre, assisted by some Liberals and Progressives, is very fond of talking pacifism. They look upon anyone in the militia to-day as almost a public enemy. But, Mr. Chairman, the militia is a police force necessary for the protection of this country. I do not know what is going to happen to Canada, with her little navy and small army, now that England has lost her command of the sea.

While I do not wish to criticize the league unnecessarily because in many ways it has done useful work for humanity, I say now, as I said the other day with respect to the deplorable situation of the league, that it depends upon compromise rather than upon justice. The league refuses to face the facts. It insists on the theoretical equality of all nations, and yet whenever it has had to deal with a problem of first importance it has failed. The League of Nations to-day is reduced to the allies who won the war, France, Italy and Great Britain. It was Woodrow Wilson who started the league, but the United States have persistently refused to join it; Japan has quit it; Italy is on the verge of quitting it, and so the league to-day is reduced to those allies which won the war. Neither the United States nor Russia will join the league. Japan will not rejoin it. She demands the application of the Monroe doctrine in the far east. So you can see the absolute failure of the very policies which Woodrow Wilson propounded, and those of the pacifists in this house.

Now what have we got in Canada in the way of defence forces to-day? We have practically no defence forces at all in case of trouble. We have even abolished the little bit of a vote we had for the cadet movement. It never was a military movement, but it taught respect for authority, discipline, courtesy and many other of those manly instincts that go to make a man, but to-day this cadet movement has been abolished even in the city from which I come. That in my opinion is a retrograde step. Hon. gentlemen opposite are opposing such institutions for the good of the children as the girl guides and the boy scouts, and many other praiseworthy movements of that kind. Canada's vote for defence is the lowest per capita in the world.

In conclusion I should like to quote a few paragraphs from an article, Sea Power Surrendered, by Captain B. Acworth, D.S.O., R.N., which gives statistics of the naval strength of the great nations of the world. Where will Canada be now if a foreign foe sails up the St. Lawrence, with our little navy? Our British navy now uses oil from Persia and South America instead of coal, and is dependent on a foreign supply of oil in war, as Captain Acworth says. I quote:

Indeed, this danger is clearly apparent to the government; for has not Mr. Baldwin warned the country that so long as he has any responsibility in the nation's affairs he will not sanction the use of the British navy for blockade without first consulting America? Has not Great Britain taken up the cudgels against our old friend Japan on behalf of the oil combines, though the British Empire contains only two per cent of the oil resources of the world? Has not Mr. Baldwin flatly refused to see a deputation consisting of distinguished admirals, shipowners, and marine engineers who only asked to be allowed to place before him a reasoned case for designing all future ships for alternative coal and oil firing? Has he not expressed the determination of the government, despite all reasoned argument, to retain the British navy on an exclusively oil-fired basis to the exclusion of dual-firing which would place fuel monopolists under the thumb of British sea power instead of the reverse?

So long as British sea power is governed by international influences over which the public, at the present time, has no control, the technicalities of a sound naval policy are therefore irrelevant.

There was a time when British foreign policy rested upon British sea supremacy. In those days there was an atmosphere of peace about the world which we to-day have every reason to envy.

The chief object of British foreign policy is now, seemingly, the defence of this country without the support of sea-power—a policy called "collective security." So great a change in the British attitude to defence must clearly have an argument, and the argument seems to be the rise of air-power. Some appear to think that sea power can no longer provide security. Others believe that air power is a buttress of sea power which we can afford to diminish if air power is increased. Both these views are demonstrably unsound. To-day Great Britain is more dependent for her food and raw material upon sea transport than at any time in her history. Our ability to pursue our civilized activities, and to defend ourselves, whether by means of the navy, the army, or the air force, is absolutely dependent upon sea-borne foreign oil.

Just fancy an enemy fleet sailing up the St. Lawrence, and Canada dependent on Persia and South America for oil.

The mechanization of the army, and a strengthened air force, make increased, not decreased, demands upon sea transport and sea defence. Yet the government, by subsidy, is encouraging a "scrap and build policy" for merchant ships, a cardinal condition of the subsidy being the construction of an "up-to-date" (? Diesel) vessel for every two coal-fired ships destroyed.

We in Canada are dependent on the British fleet for keeping open our trade routes and our commerce and protecting our shores, and

we do not pay a cent of taxes for its upkeep, but the British taxpayer is heavily taxed for that purpose; he pays taxes on his tea and sugar and many other commodities to protect our shores while Canada sponges on the British taxpayer for defence and for maritime freedom. Let me say to the hon. member for Winnipeg North Centre that the volunteers who went to the west in 1870 and again in 1885 tried to get a small vote of $1,000. As a child I saw them going to the Northwest rebellion. And long afterwards an effort was made to have a plaque put up in Queens park to these veterans of 1870 and 1885 and their application was refused. It was not the fault of this government. They were also refused a small grant to send the survivors of that little force from Halifax and Montreal out to Winnipeg where they fought to save this country, and that section of the country represented by the hon. member. I can tell the hon. gentleman that I heard the same speeches away back in 1910, 1911, 1912 and again in 1913 and 1914. I heard the same speeches at the time of the South African war. But facts must be faced, and we cannot sponge on the mother country so far as our defence is concerned.

Mr. MacINNIS: Will any of the work carried out under this item be done by relief labour on the basis of twenty cents a day?

Mr. STIRLING: No.

Mr. MACKENZIE KING: I do not think I could better illustrate what I should like to say in reference to these estimates as a whole than by the observations made by the minister on this particular item. The first item under National Defence is engineer services and works, further amount required, $400,000. This is a supplementary item that has come in since the main estimates were presented four months ago. The total amount asked for in the main estimates in connection with engineer services for 1935-36 was $297,500, which was exactly the amount voted in the previous year. If in 1934-35 $297,500 was enough, and inasmuch as the government in its main estimates asked for the same amount this year, surely it was not treating the house fairly or taking the house into the confidence of the government, as it should have been in respect of supply, not to have told us that when the supplementary estimates were brought down we should be asked to vote an amount twice as large as we were voting in the main estimates. If the minister can give a satisfactory explanation I will not press the matter; but to ask this house to pass, for engineer services and works, $297,500 in the main estimates and get it through on the understanding that the government was not asking for more than was voted the previous year, and now to come in with supplementary estimates and ask for $400,000 as a further amount required, is simply not treating the house as it should be treated in the matter of supply.

Mr. STIRLING: I am sure the right hon. gentleman was in when I gave the explanation. He must have heard that $150,000 was for the arrangements at Rockcliffe of which he knows, and which were entirely new and separate from the main estimate. I have told him the reason why in my opinion it was necessary to lay further figures before the government with regard to dilapidations in buildings, and I have told him why I put forward a request for further money for the citadel of Quebec after my visit of inspection there and seeing the extent of the damage. If these explanations are not sufficient to convince the right hon. gentleman, I have nothing more to say.

Mr. MACKENZIE KING: They are not sufficient, because my hon. friend now says that out of the $400,000, $150,000 is required for Rockcliffe and something for the Quebec walls. Assuming that $50,000 is required for the Quebec walls—

Mr. STIRLING: Seventy thousand.

Mr. MACKENZIE KING: That makes $220,000, and the item is for $400,000. There is an extra $200,000, all but $20,000 unaccounted for by the explanation. It is therefore not satisfactory.

Mr. STIRLING: Let me repeat. The right hon. gentleman was in his place when I read every item of the $400,000 and he asks me now to repeat them.

Mr. MACKENZIE KING: No, he did not read every item.

Mr. STIRLING: I beg your pardon, I did.

Mr. MACKENZIE KING: He read a number of items but he did not give the figures.

Mr. STIRLING: I beg your pardon, I did.

Mr. MACKENZIE KING: Will the minister read it again?

Mr. STIRLING: Is that reasonable?

An hon. MEMBER: If you can't be polite you won't pass one item.

Mr. STIRLING: The items which go to make up the $400,000 are:

Ordinary repairs to military buildings, $50,957.
Fortifications at Quebec, $69,693.
Further contribution for the arsenal program at Valcartier, $12,500.
Transfer of survey section of building in Rockcliffe, $9,150.
Completion of married quarters, St. John's, Quebec, $24,100.
Travelling and freight, $1,250.
Purchase of property at Rockcliffe, $150,000.
Extension of Charlottetown rifle range, $9,000.
Replacement of worn out heating system at drill hall, Charlottetown, $5,550.
Renovation of gun emplacements at Sandwich battery at Halifax, $8,000.
Rebuilding wooden section of Fredericton armoury, $45,000.
Construction of concrete retaining wall, Truro rifle range, $2,000.
Paving of Cogswell street and North Park street, in front of military properties at Halifax, $3,000.
Installation of mechanical stokers at University avenue armoury, Toronto, $4,000.
Construction of addition to provide for rifle range, Kingston armoury, $4,000.
Installation of water supply and electric current at Cedar Springs, Ontario, $1,800.

Mr. MACKENZIE KING: May I call attention to the fact that the first item mentioned by my hon. friend was $50,000 for ordinary repairs. Now I contend that in submitting the main estimates, ordinary repairs at least would be expected to be included. Why should we have at the present time an item for ordinary repairs of $50,000 over and above any amount required for that purpose in the main estimates? It certainly looks as though the government, at the time the main estimates were before us, had purposely refrained from giving the committee the full amounts it intended to spend during the year. There is another project covered by what the minister has just read. The item is classified as engineer services and works and includes $150,000 for the purchase of property at Rockcliffe. I submit that that item should not be smuggled into this particular estimate. If the government is purchasing property at Rockcliffe that fact ought to have been expressly stated to the house at the time the main estimates were submitted and not delayed until the supplementary estimates were brought down. I do not think the minister's explanation is at all satisfactory.

Mr. CHEVRIER: Will the minister kindly say what the $150,000 with reference to purchasing property at Rockcliffe is for?

Mr. STIRLING: I shall be happy to repeat the explanation I have already given, that it is to consummate an arrangement arrived at between the federal district commission, the Department of Justice on behalf of the mounted police and the Department of National Defence on behalf of the Rockcliffe air field. The district commission has been desirous for some time of improving its entry into Ottawa from the Montreal direction. The Rockcliffe air field is improved in that the high land with the trees on it will pass into the custody of the Department of National Defence and the piece of property at the west end which has been loaned by National Defence to Justice for the Royal Canadian Mounted Police barracks will pass into the custody of the Department of Justice. It appears to be an arrangement which is mutually satisfactory to the three parties making it, and as regards the odd pieces of land, shall I call them, which will remain in the hands of the federal district commission, severances and the strips along the new road which presumably the commission will dispose of from time to time, the money received from those pieces of land will come into the consolidated revenue fund to repay the dominion government this $150,000; that money will be earmarked for that purpose.

Mr. CHEVRIER: Do I understand that this is a new transaction altogether for the purchase of new land?

Mr. STIRLING: Yes, it is the purchase of new land.

Mr. CHEVRIER. Will the minister say from whom those lands were purchased or are about to be purchased? Has a sale been consummated or is it just contemplated? In the second place, from whom is it contemplated to purchase the land or, if it has been purchased, who are the vendors?

Mr. STIRLING: I do not understand that the purchases have actually been made. I believe expropriation proceedings have been or are about to be undertaken. I can send across to my hon. friend the plan I hold in my hand if that will interest him. It shows in colours the land now occupied, the land to be purchased and the land which will be retained by the commission.

Mr. CHEVRIER: I appreciate the minister's courtesy in letting me see the plan, but he has not answered my question. From whom were the lands purchased and at what prices? I do not see on this plan the names of the vendors or of those who owned the property and at what amounts the lands have been actually sold. The minister spoke of expropriation proceedings. I have not heard of

those proceedings. If they have been sanctioned by order in council, I should like to know.

Mr. STIRLING: I may say for the hon. member's information that the order in council was signed just within the last day or two.

Mr. CHEVRIER: I would like the minister to inform the committee who owned those lands, what proportion of them have been purchased and the price in each case.

Mr. BENNETT: They are being expropriated.

Mr. CHEVRIER: If they have been expropriated, when was this done?

Mr. GUTHRIE: The order in council was passed yesterday, and expropriation proceedings will be taken as soon as that order in council reaches the Department of Justice; it had not reached there to-day. Then a plan is filed showing the names of the owners and the land to be purchased, and a tender of what we consider a fair price is always made.

Mr. CHEVRIER: But I am still concerned about the answer as to who are the owners of those lands. There must be some vendors. There must be some agreement.

Mr. GUTHRIE: The lands are to be expropriated.

Mr. CHEVRIER: There must be some expropriation proceedings directed against someone.

Mr. GUTHRIE: When the plans are filed, all the owners whose names appear on the plans need to be notified.

Mr. DUFF: Who are they?

Mr. GUTHRIE: We do not need to know until the proceedings are undertaken.

Mr. DUFF: The government is asking us to vote this money. We want to know the names.

Mr. GUTHRIE: I am sorry I cannot tell my hon. friend.

Mr. DUFF: Then the vote will not go through.

Mr. GUTHRIE: I cannot help that.

Mr. DUFF: Of course the minister knows the names of the people who own the land.

Some hon. MEMBERS: Stand.

Mr. DUFF: We want to know the names of the owners of those lands.

Mr. BENNETT: How can we get the names?

Mr. CASGRAIN: I do not think the item should pass without the information being given by the minister. I think the question put by the hon. member was a fair one, and the item should stand if the answer cannot be given to-night.

Mr. STIRLING: I do not know the names of the owners of the pieces of land. I have before me a plan in which certain names appear. I could read the names and would do so with pleasure, but I do not know whether they are accurate and I might omit some. I shall be willing to find out the names of the owners of the land which it will be necessary to expropriate, but I do not know them now.

Mr. CHEVRIER: Then there is no reason why the item should not stand until the minister does know.

Mr. BENNETT: It will be within the memory of at least some members of the house that expropriation proceedings were taken at the point where the Hudson Bay railway entered Churchill. A description of the land by metes and bounds was made by engineers. The department know nothing about the owners. They file the plan thus prepared by engineers. Then the appropriate searches are made and notices given to all the persons affected. Tenders are made of the money which it is believed will be fair compensation for the land thus taken. The first step is the preparation of the plan by metes and bounds which describes the area; I want to make that clear. When that is done the plan is filed. When the plan is filed no one knows better than does the senior member for Ottawa, that it goes to the registry office. In the registry office search is made by the solicitors in charge of the expropriation proceedings; notice is given to the people concerned and a tender is made. If they decline to accept the sum offered, then proceedings are instituted in the exchequer court. If they get more than was tendered, they receive the costs of the proceedings, and if they get less, the costs are deducted from the tender made. That is the case here. I recall the circumstances in connection with the order in council. It contains merely a description of the land with a plan attached showing the area involved in order that proceedings might be taken promptly so that there might be no speculation worked. The question was litigated whether Mr. Dunning as Minister of Railways had power to file that

plan while certain proceedings were pending, and it will be recalled that in Montreal before any action was taken with respect to the tunnel there, the Minister of Railways filed his plan. That plan was for the purpose of vesting the properties in the crown in the right of the railway company, in this case vesting these properties in the crown. My information is that it is expected that from the proceeds of the sale of these lands the moneys paid for them will be fully repaid, because it is to carry a road through connecting with the Montreal highway, and will provide additional building sites which the departmental officials believe will more than compensate the government for the initial payment to be made. And the provision is made that the moneys thus received shall be paid into the consolidated revenue fund, and not to the federal district commission. So that the crown will be reimbursed the money which it now temporarily advances.

Mr. DUFF: I do not know what information the Prime Minister had in regard to the expropriation of lands for the Hudson Bay railway, but I cannot conceive of anything different happening in Manitoba from what would happen in any other province. In other provinces when lands are expropriated for a railway, before the expropriation can take place a plan must be filed by the railway company showing how much land is taken and how much is taken from each owner; the names of the owners must be on the plan, and that plan must be filed with the registrar of deeds in the district. So if my right hon. friend got the information in connection with the Hudson Bay railway that there were no names of owners of land on the plan, presumably the land belonged to the crown; consequently the Prime Minister in making that argument is not fair to the committee. In regard to the expropriation of lands outside of railways I have also had some experience, and I say to the Prime Minister—great lawyer as he is—that before expropriation proceedings take place the plan must be filed, showing the names of owners and acreage of each owner. It is useless for the Prime Minister to try to tell this committee anything else, and we are not going to take such an answer. We want the names of the owners of the land indicated on the plan or else this item will be held up.

Mr. BENNETT: I must correct the hon. gentleman. The Expropriation Act is the act at issue here, not the Railway Act. When I spoke of what took place at Churchill I was pointing out that the Minister of Railways filed a plan as he did in connection with the taking in Montreal. I was not saying what the plan contained; I merely say he filed a plan and the lands were thereupon set apart. So far as this is concerned the lands are vested in the crown by reason of the filing of the plan and the taking possession.

Mr. DUFF: The plan must contain the names of the owners.

Mr. BENNETT: No, it does not follow that has to be done, because they may not be known. That is a matter that arises after the solicitors take charge of the expropriation proceedings. The Railway Act is one thing, the Expropriation Act another. There is no reason for any heat or anger about this matter. I investigated the matter for my own satisfaction as I do matters of this kind generally, and what happened I have explained. The area of land is described by metes and bounds. The plan is filed, the land is vested in the crown, and the crown may then take possession. I remember on that plan there was the name of someone, Eagleson, I think as the suggested owner of the property.

Mr. ELLIOTT: The plan shows the names of Eagleson, James Fox and another Fox—two Foxes, several names; but there is no indication as far as the plan goes of the amounts of land being purchased from each of those owners.

Mr. DUFF: The Prime Minister need not try to insinuate that there is anger on this side; and the only heat, if there is heat, is caused by himself. We had to adjourn this house for five weeks and go home and come back here in the middle of summer, and he ought to appreciate our being willing to do it. Here to-night we are sweating in this hot chamber when this house ought to be prorogued and we all ought to be home. And the quicker we get out of this the better, let me say to the Prime Minister, for his own sake and the sake of everyone else. The only other heat was in New Brunswick to-day, the Prime Minister's own province, which elected forty-three Liberals and only five Conservatives.

Some hon. MEMBERS: Hear, hear.

Mr. DUFF: If the heat has affected the Prime Minister in any way it has not affected us, except that we realize that the people of this country want a federal election at the earliest moment.

As regards expropriation proceedings, I have had something to do with them in connection both with railways and with other lands, and

I say to the Prime Minister that before a government or anyone else can expropriate property they must file a plan with the registrar of deeds and the names of the owners of the land must appear on that plan.

Mr. GUTHRIE: Read the section; there is nothing about the names of owners:

9. Land taken for the use of His Majesty shall be laid off by metes and bounds; and when no proper deed or conveyance thereof to His Majesty is made and executed by the person having the power to make such deed or conveyance, or when a person interested in such land is incapable of making such deed or conveyance, or when, for any other reason, the minister deems it advisable so to do, a plan and description of such land signed by the minister, the deputy of the minister or the secretary of the department, or by the superintendent of the public work, or by an engineer of the department, or by a land surveyor duly licensed and sworn in and for the province in which the land is situate, shall be deposited of record in the office of the registrar of deeds for the county or registration division in which the land is situate, and such land, by such deposit, shall thereupon become and remain vested in His Majesty.

Mr. DUFF: But you cannot file a proper plan without having the names of the owners on it.

Mr. GUTHRIE: Oh yes, you can. I would not like to disagree with my hon. friend about a statute, but if the government desires to purchase Sparks street to-morrow it can file a plan and take possession without the name of anyone being on it.

Mr. DUFF: Because no one owns it except the crown.

Mr. GUTHRIE: Well, the lots on Sparks street.

Mr. DUFF: If the dominion government wanted to take the buildings on the north or the south side of Sparks street, before they could expropriate them they must name the owners of those lands.

Some hon. MEMBERS: No, no.

Mr. DUFF: I say yes, and I know what I am talking about.

An hon. MEMBER: You may be wrong.

Mr. DUFF: I am not wrong; I am right.

Mr. CASGRAIN: Following what the Minister of Justice has just read there is also the provision that after the plan has been filed notice must be given to the owners.

Mr. GUTHRIE: Oh, yes.

Mr. CASGRAIN: If the Minister of National Defence does not know who the owners are, the Minister of Justice through his officials must know the names of the persons who are the owners of this area described by metes and bounds.

Mr. GUTHRIE: When I have searched the registry office the parties will all have to be notified.

Mr. CASGRAIN: Has that not been done before this date? The plans have been deposited.

Mr. GUTHRIE: The plans have not yet been deposited. The order in council was passed only the day before yesterday, June 25.

Mr. DUFF: May I ask the Minister of National Defence—the Minister of Justice and the Prime Minister are off at a tangent—if the map or plan which I hold in my hand is the one which has been or will be filed for the expropriation proceedings?

Mr. STIRLING: The one attached to the order in council is that one that will be filed. It is similar to that except that it has not on it the course that the road will take; it is a land plan only. Otherwise it is similar to the one the hon. member has.

Mr. DUFF: Thank you very much. I am right and the Minister of Justice and the Prime Minister are wrong. I am going to show that they are wrong. The Minister of National Defence says that outside of a few lines on this plan it is a facsimile of what is to be filed with the registrar of deeds. On this plan is the name of James Fox. The Minister of Justice and the Prime Minister say there is no need to file a plan with names on it. Here is a good Scotchman, Kenneth McDonald; other names are P. Thomson, G. Monkford, and E. Robillard.

Mr. STANLEY: He is a Scotchman too.

Mr. DUFF: I will give you some more—C. Eagleson and L. O. Eagleson. Why was it necessary to put these names on if the Minister of Justice and the Prime Minister—and of course this plan never would be made unless the Prime Minister supervised it, as he supervises everything—

Mr. BAKER: Because the names are there it does not say it is necessary.

Mr. DUFF: No, they are put there only to make work for someone in the department, to give someone a job.

Mr. BAKER: Just to give you a chance for argument.

Mr. CASGRAIN: Were there no negotiations with the owners of the property, no offers made to purchase the property, before this transaction was completed? I understand that in all the departments the practice is to approach the owners and try to make a bargain with them, and that recourse is taken to expropriation proceedings only when the parties cannot come to an agreement. I should like to ask the minister if there were no negotiations or rapprochements made between the department and these people.

Mr. STIRLING: I am not aware that any rapprochements were made.

Mr. MERCIER (St. Henri): Does the government contemplate purchasing land or immovables in the Montreal district out of this amount?

Mr. STIRLING: I am not aware that the department is even considering buying land in the district of Montreal.

Mr. CHEVRIER: May I ask the minister who initiated these proceedings?

Mr. RHODES: Perhaps I may be permitted to say a word. This whole scheme was initiated in the first place by the federal district commission. I may not be accurate as to whether it preceded the defence or air service but I know that over a long period of time the federal district commission have been extremely anxious to get an eastern entrance to the city of Ottawa via the driveway. They are making a very beautiful entrance to this city which, apart altogether from the beautification, will have the effect of relieving congestion on the Montreal road in years to come, leaving the road through Eastview for the heavier traffic.

So far as the air force is concerned, I have had occasion to fly from that field a number of times, and in discussing the matter with members of the air force I have found that they always have been very nervous about the high hill on the south side that is covered with tall trees. You must land on a flying field in conformity with the wind that is blowing at the time, and if a landing has to be effected from the south side there is very grave danger because of that high hill and the trees upon it. The air force always have been very nervous with respect to that physical condition and have wanted the shoulder of that hill removed so that the menace might be eliminated. This dovetails into the scheme of the Ottawa Improvement Commission. I speak of these facts because I have had occasion to discuss the matter with the federal district commission several times, and the view I have expressed as to the air force came to me incidentally from the different officers with whom I have had contact.

Mr. MACKENZIE KING: If that is the case why smuggle the item in under the head of engineering services and works? There are separate items for aviation under which this amount might more properly be placed. Why not put it under the federal district commission?

Mr. RHODES: I shall not quarrel with my right hon. friend, but there was no question of attempting to hide the item. I think it is a most praiseworthy step; I think it is in the public interest, and I believe that in the years to come it will return a much larger sum of money than will be expended on it. It might have been better to put it under a separate item, but it touches three different departments and the engineering branch of the Department of National Defence naturally would do the surveying. I assume that is why it appears in a national defence item, but there was no attempt or intention to disguise the item. I should think my right hon. friend, who always has been an advocate of the beautification of Ottawa—and I say this in his praise—would be the first to say that this undertaking is one designed in a marked degree to enhance the beauty of Ottawa. At the same time it will serve another purpose; it will provide more satisfactory accommodation for the Department of Justice in connection wtih the mounted police and will round out a proper landing field for the capital city of Canada.

Mr. MACKENZIE KING: I may say to my hon. friend that I would be the first to support him and the government in any scheme that would meet the two necessities of which he has spoken and at the same time help in a necessary civic improvement, but the last place I would expect to find it would be in the most unpopular vote that is presented to this house, namely, an increase in the vote for militia services. I wonder very much that the government should have selected this particular service to cover the purchase of this property. So far as the land is concerned, in connection with the purposes mentioned by my hon. friend, I am quite prepared to withdraw my objection to the purchase, but this is a very different explanation from the one given by the Minister of National Defence.

Mr. RHODES: If there had been any intention on the part of the government to smuggle this vote into the estimates, certainly

the government went about it in a very clumsy fashion. As my right hon. friend has suggested, this amount could have been put in a separate item, and to that extent it would have reduced the militia estimates and lessened the criticism of military expenditures.

Mr. DUFF: Just another mistake by the government.

Mr. RHODES: I may say to my hon. friend from Antigonish-Guysborough that the government has made many mistakes. I have not known of a government in the history of Canada that has not made many mistakes, and I never expect to see a government of Canada that will not make mistakes. I suggest to my hon. friend that the government that does not make mistakes does not make anything. We would be the first to admit that we have made mistakes, but certainly if this is a mistake it must be apparent that it was not done with any sinister purpose.

Mr. CHEVRIER: With what the Minister of Finance has said with reference to improving the approach to Ottawa I have no quarrel whatever, because that matter has been mooted for a long time. Undoubtedly there must be a further approach from the east in order to relieve the congestion of traffic on the Montreal road and also to meet the objection to the landing field at Rockcliffe. That is nothing new; that has been talked of for three, four or five years, ever since the inception of that aviation field. We all agree that better landing facilities should be provided and that the congestion on the Montreal road should be relieved; with that I have no quarrel at all, but there have been many alternatives proposed. For a long time the local newspapers have been advocating an entrance from the east, but this is not the only alternative. I must agree with what my right hon. leader has stated; if this vote had been properly put in the estimates those who are primarily interested in following these matters would have had some knowledge of it. It was purely and simply a matter of luck, or perhaps a matter of psychology, that in considering the estimates this matter came up; otherwise no one would have known anything about it until the whole thing had been completed. To that procedure I must register strenuous opposition. It was not fair to the people of Ottawa; it was not fair to the representatives of the people of Ottawa in this parliament that a matter such as this should have been contemplated and practically consummated without anyone having the slightest knowledge that the project was under way. That is why I feel that the matter has not been handled in the fairest way.

Mr. RHODES: My colleague the Minister of National Defence made a very clear explanation when this item was first called, but unfortunately he is suffering with a sore throat and his voice does not carry very far. I must say that I heard him with some difficulty even at this short distance. He made a very clear explanation and I am sure that Hansard, which is not very far from him, will have a record of his remarks. If the hon. member will look over those remarks to-morrow morning I am sure they will disclose a full explanation.

Mr. CHEVRIER: That is locking the door after the horse has been stolen.

Item agreed to.

General stores—further amount required, $600,000.

Mr. MACKENZIE KING: Here is another item of the type to which I referred. When the national defence main estimates were before the committee for consideration four months ago we were asked to vote $837,800 for general stores, an amount similar to the amount voted the year before. I submit that when the committee allowed that item to pass without discussion it did so because hon. members believed they were voting the government the same amount as had been voted the year before. We are now being asked to vote almost a duplicate amount and I should like to know what has happened to the general stores in the last few months to necessitate this additional vote of $600,000.

Mr. STIRLING: The same explanation applies so far as the general stores part of this vote is concerned, that is, these stores have been depleted for relief purposes, purchases have not been as heavy as they should be, and it is desirable that they be brought up again to a general average. Included in this item are two others; I referred to one a moment ago, that covering the dominion arsenal. This vote includes an amount of $287,610 to cover the removal of the arsenal from its present dangerous position outside the city walls of Quebec. The filling station is a menace to life and property and preparations have been made to affect a change. Hitherto these preparations have proceeded rather slowly but the buildings at Valcartier

are almost ready to receive the filling station and it is intended to proceed more rapidly with the evacuation of the site at Quebec.

Sir EUGENE FISET: What is the amount of the item referred to by the minister?

Mr. STIRLING: $287,610.

Sir EUGENE FISET: That is included in the $600,000?

Mr. STIRLING: Yes. There is another item for $201,095 under the heading of artillery stores. The number of fuses have been allowed to drop below the quantity required for even peace time practice on the ranges. Of that vote, $125,485 is to provide for training and instructional requirements for the permanent force, non-permanent active militia units and central camps and schools. Wheels, et cetera, to the amount of $40,790 are necessary owing to the mechanization of "C" battery and the increased use of motor transport vehicles for gun hauling. Quick firing three inch equipment is necessary to provide one section of modern armament for defence of Halifax and Esquimalt fortresses. The existing equipment is obsolete and is of little value either for training or for defence purposes. There is not one single anti-aircraft gun in Canada and it is impossible to carry on the training of men in the use of these guns.

Mr. MACKENZIE KING: If what the minister states is correct it offers the strongest reason why he should have told the fact to the committee when the main estimates were under consideration. He states now that this equipment is obsolete making it impossible to give training to the men, but it seems to me he should have brought these facts to the attention of the committee when the main estimates were being considered. I cannot understand why he should leave these items to the last moment and then bring them up in the form of supplementary estimates during the dying days of a parliament.

Mr. STIRLING: I have endeavoured to give this explanation more than once. As minister for the time being I consider it necessary that these things should be done and the government has decided to proceed this far in agreeing to do what I consider was necessary to be done in the department.

Mr. MACKENZIE KING: It seems to me that all the minister's explanation amounts to is this: Having charge of the military, naval and aviation services he has been able to persuade the government to come up to a certain mark in making provision for these services, while the ministers of other departments, for example the Department of Labour and the Department of Agriculture, have not been able to persuade the government to come up to what they believed to be the necessary mark in order to serve the needs which they have particularly in charge. I am still in doubt as to the real reason why the minister has been able to obtain this supremacy over his colleagues in the government.

Mr. WEIR (Melfort): Will the right hon. gentleman tell me the item in agriculture to which he refers?

Mr. MACKENZIE KING: I did not refer to any particular item.

Mr. ELLIOTT: How would the arsenal at Quebec come under general stores?

Mr. STIRLING: I cannot give any reason why it should or should not. The arsenal turns out a certain quantity of small arms munitions as well as shells and fuses, all of which are stores until they are used.

Mr. ELLIOTT: Is this expenditure to be made on the building?

Mr. STIRLING: The expenditure will be in the transfer to Valcartier of the contents of the arsenal, its machinery and stocks from the dangerous position it occupies outside the citadel in Quebec.

Sir EUGENE FISET: I understand that this amount of $287,000 in connection with the arsenal is to cover the transfer of a dangerous plant to Valcartier where new quarters have been erected. Do I understand that the sum of $287,000 is simply for the transfer of the present equipment of these buildings to Valcartier, or is it, as I think it is, an allotment of money to the dominion arsenal, Quebec, for the manufacture of a certain number of rounds of ammunition? I think that is what it is. I cannot understand what the minister means by stores, if he is going to use that money for the transfer of the equipment of the buildings from Quebec to Valcartier. It may mean that he is going to buy new machinery, new equipment. The minister's reply was far from clear; perhaps he would elucidate it.

Mr. STIRLING: The removal of the dominion arsenal from Quebec to its new site at Valcartier is a scheme which has been long considered, which has been started, and which is of considerable magnitude, and it has been

proceeded with as money was available. A certain portion of the buildings necessary to receive certain portions of the work done in the arsenal are now just about ready at Valcartier to receive them. That change over, what is known as the filling station, will be made. The most dangerous part of the process will be removed from Quebec to Valcartier. This money will enable the next piece of development work to go on at Valcartier, and as it is completed more of the work done in the arsenal at Quebec can be moved over to Valcartier.

Sir EUGENE FISET: Does the minister mean that the dangerous buildings of our dominion arsenal, which are on the coal fields, are going to be transferred from Quebec to Valcartier?

Mr. STIRLING: Yes.

Sir EUGENE FISET: Then a portion of this $287,000 is to be used to transfer the equipment of these buildings to the new site and also to enable the manufacturing at the new site of a certain amount of ammunition. I suppose that is the proper explanation?

Mr. STIRLING: I think the hon. member has now stated it correctly. That is the way I understand it.

Mr. POULIOT: Mr. Chairman, if I remember well, General McNaughton has been chief of staff with a salary of $10,000 a year. He was appointed to the national research council at a salary of $15,000, and no provision was made for his superannuation from his position as chief of staff. If he is not superannuated within a month or thirty days after he is appointed to a higher salaried position, which appointment has been made, his superannuation will be based, not on the salary of $10,000 which he was receiving as chief of staff, but on the $15,000 which he receives in his present position, which does not carry superannuation. I hope that the minister catches my point. If General McNaughton is superannuated now he will be superannuated on the basis of a salary of $10,000, but if he is not superannuated until next week he will be superannuated on the basis of a salary of $15,000. May I ask the minister if he has taken any steps for the superannuation of General McNaughton right now in order to save several thousand dollars to the public exchequer, or if he is going to wait to give him a fat superannuation later on this week? Was I clear enough? Here is a case where a man is entitled to superannuation based on a salary of $10,000, and it is time right now to save several thousand dollars of public money to the public exchequer, and the minister sits idle in his seat and does not answer my question. I ask him, will he superannuate General McNaughton right now on the basis of a salary of $10,000 in order not to give him the privilege of having a superannuation on $15,000 in a position which does not carry any superannuation, according to the statute. No answer? Sir, this is a scandal.

The CHAIRMAN: Order.

Mr. POULIOT: Here I denounce this case of favouritism with regard to the chief of staff, and all the ministers sit idle and dumb in their seats. I want an answer.

The CHAIRMAN: The question of the salary or superannuation of General McNaughton is not under consideration. It has nothing to do with this item.

Mr. POULIOT: I heard the Prime Minister state that General McNaughton was not now receiving any salary as chief of staff but was practically acting as chief of staff until he was replaced.

The CHAIRMAN: Order. That would come under item 330, not 329. When we come to the next item the hon. member may discuss it.

Item agreed to.

Mr. POULIOT: No, Mr. Chairman, the item is not carried, because the chief of staff has to look after all these matters that come under item 329, and if you are not satisfied as to that, we will have the statutes brought into this chamber. What I am saying is absolutely pertinent to the item before us, and it was because the government was unable to answer that you ruled me out of order. It is a scandal in this house, and a scandal against parliamentary tradition. What does the hon. member for Dorchester (Mr. Gagnon) say? I have been kind to him because we were college mates. Let me tell him what the electors of the province of Quebec think of him.

The CHAIRMAN: Order.

Mr. POULIOT: Can we not invoke free speech here, Mr. Chairman? Are we in Russia that we must stand in silence? This is one scandal in which there has been favouritism for the chief of staff who has been instrumental in having the large salaries that are paid to militia men and to himself, and I have a right to denounce it in this House of Commons.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: What will be the business for to-morrow?

Mr. BENNETT: Amendments from the Senate. A bill was sent back from this house to the Senate with the statement that we had concurred in all the amendments except one, the consequential one. That appears on the record but not in the report of proceedings in the house. It apparently was overlooked that that was done. We will take the Senate amendments and I think there are two small bills, and then we will continue with supply.

Mr. MACKENZIE KING: But not take the elections act?

Mr. BENNETT: No.

Mr. MACKENZIE KING: Perhaps we have had enough of elections for to-day?

Mr. BENNETT: No, we are willing and prepared to face another—

Mr. LAPOINTE: Let us have it now.

Mr. BENNETT: —just as soon as possible.

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

Friday, June 28, 1935

The house met at three o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, June 28, 1935.

Sir,—I have the honour to inform you that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber this day at 4.30 p.m. for the purpose of giving the royal assent to certain bills.

F. L. C. Pereira,
Assistant Secretary to the
Governor General.

PARLIAMENTARY ASSOCIATION

LEAVE OF ABSENCE GRANTED TO DOCTOR ARTHUR BEAUCHESNE, CLERK OF THE HOUSE

Right Hon. R. B. BENNETT (Prime Minister): The Empire Parliamentary Association, United Kingdom branch, have extended an invitation to representatives of either house of this parliament who are members of the association to visit England during the next month. The invitation has also been extended to the clerk of the house who is honorary secretary of that association, and inasmuch as he is the servant of the house and not of the government, in order that his absence may be regularized, I should like to move, seconded by the former Minister of Justice (Mr. Lapointe):

That leave of absence be given Arthur Beauchesne, clerk of the house, for the remainder of the session.

Motion agreed to.

EIGHT HOUR DAY

MESSAGE FROM THE SENATE WITH RESPECT TO SENATE AMENDMENTS TO BILL NO. 21

Right Hon. R. B. BENNETT (Prime Minister): I desire to say a word of explanation with respect to order No. 6 under government orders with regard to Bill No. 21, to provide for limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, in accordance with the convention concerning the application of the principle of the eight hour day or of the forty-eight hour week adopted by the general conference of the international labour organization of the League of Nations, in accordance with the labour part of the treaty of Versailles of the 28th June, 1919. In the certificate that went to the Senate accompanying the message, it is indicated that the Commons had agreed to all the Senate amendments except as regards the consequential amendment which I moved, to amendment No. 9. In the motion that is recorded in our house it appeared that we agreed to eight amendments, did not agree to amendments Nos. 10, 11, 12, 13 and 14, and moved our consequential amendment with respect to number 9. The Senate, taking the fact from the message and not from the certificate, sent back to this house the bill to have amendments Nos. 10, 11, 12, 13, and 14 dealt with by the house. I went over those amendments fully at the time they were before the house and said that we concurred in them as they were not matters of importance, but in order that the matter may now be regularized owing to the conflict between the certificate and the motion as recorded, I move:

That a message be sent to the Senate to acquaint their honours that this house agrees to the amendments Nos. 10, 11, 12, 13 and 14 made by the Senate to the Bill No. 21, an act to provide for limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, in accordance with the convention concerning the application of the principle of the eight hour day or of the forty-eight hour week adopted by the general conference of the international labour organ-

ization of the League of Nations, in accordance with the labour part of the treaty of Versailles of the 28th June, 1919, without any amendment.

And that the clerk of the house do carry the said message to the Senate.

We have not dealt, nor does this propose to deal with the consequential amendment which I moved the other day in regard to Senate amendment No. 9, and with which the Senate has indicated it does not agree. That means a conference or further action between the two houses. I am leaving that for the moment and will endeavour to dispose of it at the next sitting when I am further informed in connection with it. But in order that there may be conformity between the motion and the certificate, I am moving the motion aforesaid.

Mr. LAPOINTE: I well remember that when the Prime Minister made that motion the other day he made it clear that we were agreeing with all the amendments made by the Senate except the one in regard to the time when the law would come into force as regards railway employees. With respect to that particular matter, do I understand that the government have not reached any decision as to what stand they will take?

Mr. BENNETT: We shall have to have a conference.

Mr. LAPOINTE: Then my right hon. friend wants to persist in the decision of the house?

Mr. BENNETT: That is not finally settled. I wish to discuss it further with the leader of the Senate, who is not there to-day.

Motion agreed to.

RADIO BROADCASTING

NON-CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister): If the house will direct its attention to Bill No. 99, and to the votes and proceedings of this house indicating the action of the Senate I think they will agree that we cannot possibly accept the so-called amendment of that chamber. It will be recalled that Bill No. 99 of this house provided for the extension of the provision of the Canadian Radio Broadcasting Act of 1932, chapter 35, statutes of 1932-33 as amended by chapter 24 of the statutes of the present session, until March 31, 1936. There was an extension until June 30, 1935, but the Senate when it received the bill proceeded to provide that the whole radio set up, the measure known as the radio statute, should only last until next March. Of course that is not an amendment, that is a declaration of policy entirely at variance with that which the government has declared time and again to this house. I therefore move, seconded by Mr. Guthrie:

That the house inform their honours that we are unable to agree to their amendments, inasmuch as they have made a declaration of policy not consistent with the avowed policy of the government, and that they insist upon the bill as it left this house being enacted.

Mr. SPEAKER: It is moved by Mr. Bennett, seconded by Mr. Guthrie.

That a message be sent to the Senate to acquaint their honours that this house disagrees with their amendments to Bill No. 99, an act respecting radio broadcasting, for the reasons set forth by the Prime Minister, and that the clerk of the House carry the said message to the Senate.

Motion agreed to.

SOLDIER SETTLEMENT ACT

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 62, to amend the Soldier Settlement Act.

He said: The Senate made a slight amendment to this measure, providing that instead of it coming into force on the day on which it was assented to, as it would, it should come into force on the first of July. If the house agrees to that proposal, as I ask it now to do, we will endeavour to have the act assented to this afternoon so that it will begin on the first day of the month, thereby making it simpler from the standpoint of superannuation and keeping the books of the country.

Motion agreed to; amendments read the second time and concurred in.

BUSINESS OF THE HOUSE

DOMINION DAY ADJOURNMENT

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the right hon. leader of the opposition (Mr. Mackenzie King) yesterday asked a question with respect to Monday, and I told the house I would endeavour to ascertain what progress was being made by the committee dealing with the grain board bill, so that we would know just what our position is. The Senate yesterday indicated that it would not sit on Monday. The legislation before that body has not been completely dealt with at this moment. It would therefore seem to be clear that the

Senate on Tuesday will be dealing with that legislation. I believe we may be able to finish the evidence in the grain board bill committee to-day, but that will probably be as far as we shall be able to go. It will necessitate a conference taking place between the members of the committee, if possible on Monday. Inasmuch as the business upon the order paper is very light, involving one measure which will probably not take very long, and the estimates—I am entirely in the hands of the house, but I do not know whether it would be desirable not to sit on Monday under those circumstances, because the Senate will not finish its business until Tuesday.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I gather from what the right hon. Prime Minister has just said that the government intends to drop the controversial measure, the elections bill, because he refers to only one other measure, that not being controversial. If that is the case it will materially shorten the session and insure speedier prorogation. Also, if the committee dealing with the grain bill has still to confer and reach a conclusion with regard to its provisions possibly the time of all hon. members would be spent more profitably if that committee continued its work and the rest of us looked on over the period of July first. Once that bill is settled I believe I can say on behalf of the opposition that provided the bill I referred to with respect to the elections act is withdrawn, the rest of the order paper will not take many hours to conclude.

Mr. BENNETT: Of course the bill to amend the elections act will have to be given second reading, because there are sections in it, such as that in regard to the hours during which advance polls are kept open, and the waiver of preparation of fresh lists for by-elections, matters of that sort, which must be dealt with, but those are not controversial. I can say frankly that it is not intended to proceed with the controversial sections, in view of the strong expressions of opinion that came from the other side yesterday with respect to them, although I think possibly most hon. members may have received a small pamphlet from Great Britain in which the whole fate of democracy is regarded as being at stake because the will of minorities represents the life of governments, and pointing out how undesirable that is. But that is a matter with which the minister himself will deal when he moves second reading of the bill.

[Mr. Bennett.]

If it is acceptable to the house I would confer further with members of the committee, and later without notice, if it is possible, move that when the house adjourns it adjourn until Tuesday afternoon at 3 o'clock. If that meets with the approval of the house I shall be glad to give some further information about it at that time.

Mr. MACKENZIE KING: In regard to the elections bill may I say that as far as the part referring to the transferable vote is concerned, the attitude of hon. members on this side is and has been that this is not the time to introduce as farreaching a departure from our electoral methods as a transferable vote would be. As I stated at the outset it is the sectional character of the measure introduced to which we take strong exception. The question of the principle involved in the transferable vote is another matter, one that I think could be taken up to much better effect at the beginning of a new parliament, rather than when the days of an old parliament have expired.

The Prime Minister, I think, will find that hon. members on this side will be in agreement with hon. gentlemen opposite with regard to Monday next, provided we can make the arrangement indicated.

SUPPLY

The house in committee of supply, Mr. Morand in the chair.

Miscellaneous—
To assist in promoting tourist business in Canada—revote, $52,000.

Mr. YOUNG: Explain.

Mr. MANION: This is merely a revote of the money voted last year. The bills came in too late to be paid last year and this is merely to legalize the payment of those bills out of last year's estimates.

Item agreed to.

Aviation—
Civil government air operations — for preventive service and other operations—further amount required, $305,000.

Mr. EULER: I notice that this item includes money for the preventive service, and I should like to ask if that indicates any expansion of the air service for preventive purposes.

Mr. STIRLING: No, there is to be no expansion. This is to carry out the work requested of the Department of National Defence and of civil aviation by these other departments.

Mr. BRADETTE: I should like to ask the minister if the repairs to government aircraft are made by private corporations in Montreal or if they are carried out by the govenment.

Mr. STIRLING: I did not catch the first part of the hon. member's question.

Mr. BRADETTE: If my information is correct a good deal of the repair work on the machines is done by private corporations. I should like to know if that statement is correct.

Mr. STIRLING: Does my hon. friend refer to the machines owned by the government? Those repairs which can be carried out by our own mechanics are so done. Major repairs and reconditioning are done by aircraft firms capable of doing that work.

Mr. BRADETTE: Will the minister be good enough to give the names of those firms, if he has that information at hand?

Mr. STIRLING: I have not that information under my hand but I shall be pleased to communicate it to my hon. friend.

Mr. DUPUIS: Mr. Chairman, if you will allow me to do so I should like to revert to items 330 and 331.

Some hon. MEMBERS: No.

Mr. DUPUIS: With the permission of the committee I should like to refer to them just to obtain some information. I should like to know how many men are in the non-permanent active militia and how many in the permanent forces.

Mr. STIRLING: In the permanent force the number as of May 31, 1935, was 408 officers and 3,104 other ranks. I have not exact similar figures with regard to the non-permanent active militia, but approximately at that date they numbered 6,939 officers and 44,127 other ranks, making a total of 51,066.

Mr. EULER: Referring again to the preventive service, for some years that service has been under the Royal Canadian Mounted Police. I should like to know whether the air service in connection with the prevention of smuggling and so on is now under the Department of National Defence or whether it is still controlled by the mounted police.

Mr. STIRLING: The mounted police.

Mr. EULER: They merely call on the Department of National Defence to supply the air service, is that it?

Mr. STIRLING: To supply the planes and the flying officers.

Mr. EULER: But they are entirely under the orders and control of the mounted police?

Mr. STIRLING: Entirely under the mounted police.

Sir EUGENE FISET: I note that the vote for the operation of these planes comes under the Department of National Defence, which carries on the service for other departments. I should like to know from the minister if refunds are made by the other departments to cover these expenditures.

Mr. STIRLING: The actual flying costs are charged against civil aviation and are refunded by the Department of Justice.

Mr. MacINNIS: Does item No. 333 provide for the developing of landing fields?

Mr. STIRLING: No.

Item agreed to.

Civil Aviation—
Expenses in connection with the control of civil aviation, airways, government and public airports and grants to aeroplane clubs—further amount required, $497,900.

Mr. GRAY: Mr. Chairman, this vote increases by over $200,000 the vote in the main estimates. At that time we voted the sum of $250,000 and we are now asked to vote this much larger sum of $497,900. I wonder if the minister would explain the increase and give a brief resumé of what has been done by the government in connection with the promotion of civil aviation.

Mr. STIRLING: Mr. Chairman, due to the increased use of aeroplanes there is of necessity additional work in the department. Inspection services and investigations consequent upon accidents which have occurred fall to the inspectors of the department. In consequence it is necessary all the time to keep abreast of the work, which has been increasing with considerable rapidity. Then, work is being undertaken to keep abreast of the times with regard to direction beacons. It is hoped very shortly to have radio control of that section between Ottawa and Montreal, for instance, and gradually it is expected that radio direction beams will be erected across Canada,—although that is a long way ahead. Provision is made in the vote for acquiring land at ten different points scattered across the dominion for the purpose of proceeding with the project of having emergency fields across Canada. In the majority of cases crown lands either in the right of the dominion or in the right of the provinces have been available, and by arrangement they have been set aside for these emergency fields. Hitherto with the exception of cleaning, clearing, level-

ling, a certain amount of drainage and the building of certain roads and fences little has been done. In various parts of Canada relief camp workers have been used for that purpose. There are ten places, four being in the province of British Columbia, three in Quebec, one in Nova Scotia, one in New Brunswick and one in Ontario, where it is thought desirable to begin work on what eventually will be emergency fields in a chain right across Canada.

Then, in connection with stores and equipment there is a sum for the purchase and installation of the lighting equipment on the two sites to which I have referred, and provision for the purchase of high frequency transmitters and receivers, and other pieces of machinery of that description, to get on with the transmitting of the beams.

Mr. GRAY: Where is the emergency field located in the province of Ontario?

Mr. STIRLING: At Vankleek Hill.

Sir EUGENE FISET: At what points in Quebec?

Mr. STIRLING: At Oka, Windsor Mills and Pontiac.

Mr. REID: And British Columbia?

Mr. STIRLING: At Chilliwack, Cowley, Macleod and Langley Prairie.

Mr. EULER: The item refers to grants to aeroplane clubs. I was under the impression that the department loaned certain aeroplanes to these private aeroplane clubs. Does this imply that cash grants are given, as well, and, if so, how much; and how many aeroplanes are now on loan, if we may so describe it, to these private clubs?

Mr. STIRLING: The agreement arrived at between the department and the aeroplane clubs has been reviewed, and the aeroplanes granted to the existing clubs were granted at the same time. They have had little done to the planes, and they are almost on their last legs.

Mr. EULER: How many are there out on loan?

Mr. STIRLING: I believe there are about sixteen. I cannot lay my hand on the information at the moment, but I should be very glad to get it for the hon. member.

Mr. EULER: Are there any cash grants?

Mr. STIRLING: Yes, there is a cash grant as well as the undertaking to supply a machine for the use of the club, provided the club supplies one, making a total of two machines. I shall send the hon. member the statement which has been prepared in this connection. I had it in my other book of estimates, but it is not before me now.

[Mr. Stirling.]

Mr. BRADETTE: Prior to 1931 there was considerable activity in connection with repair work at Lemieux island. Some of the men who worked there during the winter of 1930-31 were fired, on a plea of economy, and have been out of work. A few moments ago I learned from the minister that much of the repair work is now being done by private firms. Could he explain why the men were fired—I think that is the word for it— and were not taken back to work when as a matter of fact the government has found it possible to spend thousands of dollars on repairs done by private firms in Montreal and Toronto?

Mr. STIRLING: At what field?

Mr. BRADETTE: Lemieux island; a skeleton staff still exists there, but many of the old hands have been out of work since 1931.

Mr. STIRLING: The smaller repairs which can be done by our own mechanics are so done. However if and when reconditioning is necessary, or if as the result of an accident considerable repairs are necessitated which cannot be done by our own mechanics the work is handed out to certain companies who specialize in repairs to these machines.

Mr. BRADETTE: How many men are working at Lemieux island to-day? Are there more there to-day than there were in 1930-31, or are there less?

Mr. STIRLING: I have not that information at the moment, but I shall get it.

Mr. MacINNIS: Will any of the work done under this appropriation be done by relief labour?

Mr. STIRLING: No.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Public Buildings—Ontario

Belleville—building for entomological branch, $60,000.
Fort Erie—public building, $50,000.
Kingsville—public building, $25,000.
Kirkland Lake—public building, $92,000.
Powassan—public building, $13,000.
Richmond Hill—public building, $30,500.
Toronto—postal station "K," $194,000.
Watford—public building, $10,000—Total, $474,500.

Mr. GRAY: While the town of Forest is not in my constituency may I say that I have had numerous communications from the

citizens of that town with respect to an item for a building of a post office which they understood would appear in the supplementary estimates. I know there is provision for an expenditure in the town of Watford, and I should like to know why provision is not made for an expenditure in Forest?

Hon. H. A. STEWART (Minister of Public Works): Mr. Chairman, I recall the request having been made for this building, but it is in the same position as many others. We have had requests for similar buildings from all parts of Canada and they have been so numerous that we have been unable to meet them all. We have made the selection which under the circumstances we believed best. That is the reason this one has been left out.

Mr. BRADETTE: I am pleased to note that a certain amount is to be spent in northern Ontario. Will the minister tell the house what amount will be spent in Kirkland Lake?

Mr. STEWART (Leeds): If this item carries, plans will be prepared and public tenders asked for under the provisions of the Public Works Act. This being in the regular estimates it comes under the Public Works Act, and therefore public tenders will be invited and the contractor will be subject to the provisions of the specifications, which require him to employ a reasonable amount of local labour where available and a reasonable number of returned soldiers.

Mr. BRADETTE: Is that a post office?

Mr. STEWART (Leeds): It will cover all public services there, post office and others.

Item agreed to.

Manitoba

Beausejour—public building, $11,000.
Birtle—purchase of building for postal purposes, $2,000.
Gimli—public building, $12,000.
Melita—public building, $20,000.
Roblin—public building, $20,000 — Total, $65,000.

Mr. BEAUBIEN: Some time ago I asked the Minister of Public Works to open his heart and do something for constituencies represented by members who are not supporters of the government. So far as Manitoba is concerned, not one riding represented by a member on this side is included in this item. I do not think the minister will come back to a parliament in which there are many members opposite from Manitoba, so that he might as well treat every constituency equally. When he came into power he cancelled tenders that had been called for by the department for the construction of post offices in certain districts in my riding, and I should have thought, when he was so lavish in building post offices in other districts, he would have put up some of these buildings in my constituency, especially when the money had been voted for the purpose. There is no reason for this discrimination; the needs of all ridings should be taken into consideration. If the minister will consult the files he will find that the town of Morris, Manitoba, which is a very important point, has been asking for a post office for some years. The request has come from boards of trade and others concerned, and I think he might have included it in the supplementaries. I hope it is not too late for the government to do something, because their time is up.

Item agreed to.

Saskatchewan

Kindersley—public building, $20,000.
Watrous—public building, $20,000—Total, $40,000.

Mr. VALLANCE: What is the type of work proposed to be put up in Kindersley and Watrous?

Mr. STEWART (Leeds): These buildings are for postal purposes. As regards Watrous, the site was purchased in 1933-34 at the corner of Second avenue and Main street. It is a one and a half storey brick structure, and the estimated cost of the building is $16,000; fittings $2,000; grading of sidewalk $1,000 and contingencies $1,000, making a total of $20,000. The same thing applies to Kindersley.

Item agreed to.

Alberta

Calgary—barracks for permanent force, $400,000.
Cardston—public building, $49,000.
Claresholm—purchase of building for public purposes, $5,000.
Edmonton—building for Department of Pensions and National Health, $62,000.
Innisfail—purchase of building for postal purposes, $4,000.
Lacombe—purchase of building for postal purposes, $7,500.
Okotoks—purchase of building for postal purposes, $4,500.
St. Paul—public building, $15,000—Total, $547,000.

Mr. GRAY: How much has been expended on the barracks at Calgary to date, and what will be the total cost when completed?

Mr. STEWART (Leeds): I am afraid I cannot give that information, because, as my hon. friend will recall, the work was undertaken under the provisions of the Public Works Construction Act, 1934, which pro-

vided that the items in the schedules were to be assigned to departments of government. They were not all under the control of the Public Works department, this work having been assigned to the Department of National Defence. The work out there has been carried on by them, and this department is without information as to expenditures. I think the information was pretty well given in connection with the public Works Construction Act. We had a long debate at that time.

Mr. GRAY: Can the minister explain why this vote of $400,000 is not continued under the Public Works Construction Act? Why is it introduced into the supplementaries? It seems strange that when $1,250,000 was voted for the barracks at Calgary and, as the minister has said, it came under the National Defence department in connection with the Public Works Construction Act, 1934, we should now be asked to vote this sum in the supplementary estimates. We have objected time and again to these works being taken from one department and split up into Public Works, National Defence and Interior until one cannot find, except by going through the whole of the record, exactly what the works cost. I should like to have a good deal more information than the Minister of National Defence was able to give us at the time we were discussing this particular item a few weeks ago when we learned, after some inquiry, that they were building an officers' mess at a cost of $125,000 and a stable at a cost of $50,000.

Mr. ELLIOTT: $63,000.

Mr. GRAY: I think the minister should be prepared to give us more information now that he is asking us to vote $400,000 in addition to the sum already voted. He should give us the complete details showing what has been expended and how much more these barracks will cost the country by the time the work is completed.

Mr. STEWART (Leeds): This is not the same unit of work that is being undertaken by the National Defence department. If I remember rightly the contention has been made frequently, and it has been strongly advocated on the other side of the house, that items of this kind should appear in the regular estimates; it has been said that we should be able to pass on them in the regular estimates, specifying what the vote is required for. This is now bringing the additional construction under the provisions of the Public Works Act and getting it back where it has been contended all the time it should be.

Mr. GRAY: What is the $400,000 we are now being asked to vote to be used for?

Mr. STEWART (Leeds): The details are these: one airplane hangar, $135,000; one riding school, $75,000; two four-family terraces, other ranks, married quarters, $74,000; construction of two additional married officer's quarters, $40,000; construction of garages to house twelve motor cars, $6,000; one guard house and service control house, $10,000; surfacing barracks square, $30,000; grading and seeding areas around completed buildings, and contingencies, $20,000; architects' fees, inspection, $10,000: total, $400,000.

Mr. STEWART (Edmonton): Will this building be located where the barracks are being built?

Mr. STEWART (Leeds): Yes.

Mr. STEWART (Edmonton): This will be a new barracks entirely?

Mr. STEWART (Leeds): Yes.

Mr. STEWART (Edmonton): Has the contract been let?

Mr. STEWART (Leeds): No.

Mr. STEWART (Edmonton): There was one let the other day in Calgary.

Mr. STEWART (Leeds): No contract that has been let has anything to do with this estimate.

Mr. STEWART (Edmonton): Part of this is being constructed by the Department of National Defence and part by the Department of Public Works?

Mr. STEWART (Leeds): Yes.

Mr. STEWART (Edmonton): Is the Department of the Interior handling any of it?

Mr. STEWART (Leeds): No.

Mr. STEWART (Edmonton): Will this complete the unit?

Mr. STEWART (Leeds): I do not know the plans of the Department of National Defence. This is all they have asked for up to this time.

Mr. STEWART (Edmonton): Is the minister stating that he does not know whether this will complete it?

Mr. STEWART (Leeds): This is all that has been asked for up to the present. I do not know what the plans of the Department of National Defence are.

Mr. STEWART (Edmonton): It is the Department of National Defence which is really in control and the Department of Public Works are taking charge of the construction of this particular unit?

Mr. STEWART (Leeds): Yes.

Mr. STEWART (Edmonton): It seems to me that a lot of money is being spent. Has the Department of Public Works not let a contract to Bennett and White within the past thirty days?

Mr. STEWART (Leeds): No, not the public works.

Mr. STEWART (Edmonton): This is the first piece of construction undertaken by the Department of Public Works?

Mr. STEWART (Leeds): Yes.

Mr. STEWART (Edmonton): You are not doing the grading of the grounds?

Mr. STEWART (Leeds): Anything that is being carried on now is under the supervision of the Department of Public Works.

Mr. STEWART (Edmonton): Is the building in Edmonton for the Department of Pensions and National Health a new building?

Mr. STEWART (Leeds): This vote is to provide for the construction of a building to accommodate the Department of Pensions and National Health in order that the various activities of that department may be correlated. In the interests of economy it is thought advisable to concentrate at the Alberta university where a unit was erected some years ago adjacent to the hospital.

Mr. STEWART (Edmonton): That is at what we call the South Side hospital?

Mr. STEWART (Leeds): It is another wing at the same hospital.

Mr. ELLIOTT: Is that being built by the Department of Public Works?

Mr. STEWART (Leeds): All the items in the supplementary estimates will be under the control of the Department of Public Works and subject to the provisions of the Public Works Act.

Mr. ELLIOTT: And all are in addition to what was voted under the Public Works Construction Act?

Mr. STEWART (Leeds): Yes.

Mr. BURY: I congratulate the government upon this vote. I have some knowledge of the conditions in Edmonton and for some time additional premises have been required by the Department of Pensions and National Health. Part of the work of this department has been carried on in the post office building and I think it is a splendid thing to have this work carried on in a building close to the hospital.

Mr. GARDINER: How many will occupy this building?

Mr. STEWART (Leeds): The memorandum which I have does not indicate the accommodation in that sense.

Mr. GARDINER: How many employees are there?

Mr. SUTHERLAND: At present the activities of the Department of Pensions and National Health are carried on at different points in the city. Quite often a doctor or a patient has found it very inconvenient to go to two or three different places and by means of this building the services will be consolidated at one point.

Mr. STEWART (Edmonton): I notice $7,500 is being provided for the purchase of a building for postal purposes at Lacombe; is there not a post office at that point?

Mr. STEWART (Leeds): The present building is rented and this vote is to provide for the purchase of a building and its fitting up. The building to be purchased was previously occupied by the Royal Bank.

Mr. ELLIOTT: I notice that most of these items are for the purchase of buildings and I suppose that that will relieve unemployment.

Mr. STEWART (Leeds): These votes are to provide needed public services.

Mr. ELLIOTT: Does the minister know of any buildings in that district which are not being purchased under this item?

Mr. STEWART (Leeds): I fancy there are a good many.

Mr. HEAPS: Upon whose recommendations are these buildings being purchased?

Mr. STEWART (Leeds): On the recommendation of the officers of this and the Post Office Department. These recommendations are made after full investigation as to the needs for such services in the locality.

Item agreed to.

British Columbia

Armstrong—public building, $12,500.
Lillooet—public building, $10,000.
Salmon Arm—public building, $20,000.
Sidney—public building, $12,000.
Victoria—public building, $300,000—Total, $354,500.

Mr. REID: Could the minister state for what purposes these buildings are being erected?

Mr. STEWART (Leeds): With the exception of the one at Victoria which is for postal and other government services, they will be for post office purposes.

Mr. REID: Has the minister had an inspection made of the post office at New Westminster about which I have protested for many years?

Mr. STEWART (Leeds): Recommendations have been made for the improvement of the building at New Westminster by means of an extension or addition. This can be taken care of under another item.

Mr. REID: I note the minister is calling for tenders for the construction of a building for customs and immigration purposes on the Pacific highway. The estimate of this building is being placed at $30,000 but I have pointed out that such a building will not be adequate to handle the traffic at that point. Has the minister any information as to what amount will be spent upon this building?

Mr. STEWART (Leeds): I have not those particulars before me and I thought I gave very full information on that item when the Public Works Construction Act was under consideration. I believe we have just invited tenders but a contract has not been awarded.

Mr. REID: I know the minister gave full information but I pointed out that the customs building on the American side had cost about $150,000 whereas the department was providing only $30,000 for a building on the Canadian side. I pointed out at that time that $30,000 would not construct or complete a building in keeping with its importance. Does the contract now called for contemplate any further expenditure?

Mr. STEWART (Leeds): I recall now that my hon. friend made similar representations on another occasion. Of course we are confronted with two conflicting demands: on the one hand to curtail expenditures, balance the budget and effect as much economy as possible; on the other to construct beautiful and expensive buildings. We cannot hope to compete with the United States with a population of 120,000,000, in the character of some of our buildings. We do however endeavour to make the buildings suitable for the services which they are required to give the community, and at the same time we try to pay some attention to architectural appearance and beauty. But I do not think we would be justified in putting up on this site on the border a building that would cost as much as the one on the United States side, simply to make it correspond.

Mr. REID: I may point out that that port of entry is the most important one in the whole of Canada. There is not another port from Halifax to Vancouver that has as many cars or as much traffic through it as has that port.

Mr. EULER: Which one?

Mr. REID: The one on Pacific highway. I quoted the figures the last time I spoke.

Mr. HACKETT: It is the largest port of entry in British Columbia but not in Canada.

Item agreed to.

Generally

Flags for dominion public buildings—further amount required, $1,000.
Ottawa—remodelling switchboards, $4,500.
Post Office equipment, $14,000.
Tractors for postal purposes—further amount required, $3,000—Total, $22,500.

Mr. YOUNG: In this appropriation there is an item of $14,000 for post office equipment and another of $3,000 for tractors for postal purposes. Why are these items in the Public Works estimates and not in those of the Post Office Department?

Mr. STEWART (Leeds): I do not know for how long, but for a very long period items of this character have appeared in the Public Works estimates and we have purchased these machines for the Post Office Department.

Mr. YOUNG: Is all the equipment for the Post Office Department purchased by the Department of Public Works?

Mr. STEWART (Leeds): The Post Office Department purchase their mail bags, stationery, locks and small rural mail boxes themselves. These items are for sorting cases and other equipment, desks and so forth.

Mr. YOUNG: Do they pay any rent for the buildings they occupy?

Mr. STEWART (Leeds): No.

Mr. YOUNG: What about fuel?

Mr. STEWART (Leeds): We purchase the fuel for them. No department of government is charged rental for any space occupied by it, and the fuel for public buildings is purchased through the Public Works department.

Mr. YOUNG: Water and light the same?

Mr. STEWART (Leeds): All these services are on the same basis.

Mr. YOUNG: Janitor service also?

Mr. STEWART (Leeds): Yes.

Mr. YOUNG: And repairs.

Mr. STEWART (Leeds): Yes.

Mr. YOUNG: I notice on the next page there is an item of $119,000 for mail subsidies to steamships. Is that also paid by the Public Works department?

Mr. STEWART (Leeds): No, by Trade and Commerce.

Mr. YOUNG: In any case it is not paid by the Post Office Department. Does the minister not think it would be better if every department were made to stand on its own feet, if all the expenditures of each department were charged against it? We are told on every hand that the post office is an outstanding example of efficient government ownership of a public institution. Now we find that it does not stand on its own feet. It pays no rent, no taxes, nothing for janitor service, fuel, light, water, repairs or equipment. Then we are told that it is a self-sustaining department. Would it not be in the public interest if every department were made to stand on its own feet so that we might know whether they were paying?

Mr. STEWART (Leeds): That is a big question and one that has often engaged the attention of this house. Since I came here I have listened to debates on this subject on different occasions, and I do not know that the question is any nearer being settled than it was some years ago. It would quite suit the Public Works department if every department were put on its own feet, but I am afraid if that were done, the hon. gentleman would have to pay more than two cents on his letters.

Mr. YOUNG: We are paying more than that now.

Mr. STEWART (Leeds): I mean three cents.

Mr. HEAPS: I think the contention of the hon. member for Weyburn (Mr. Young) is quite right that the various departments of the public service should stand on their own feet so that we might know exactly how they come out at the end of the year. The same thing applies to public utilities under the control of the government. It is a most inefficient way of doing business when we have the estimates, say of the Post Office Department, scattered throughout the pages of the estimates that come before us, and it would be a much more efficient way of doing the business of the country if we could have a properly prepared statement in regard to the Post Office Department showing exactly the total income and total expenditure. That would include the value of the buildings, their depreciation, the services which the government are giving to the buildings. If we are losing money on them on the basis of a two-cent or three-cent service, we have a right to know how much we are losing. If we are making money, we have a right to know how much we are making. As matters stand, we do not know whether we are losing or making money.

The minister has said that this question has been debated by the house on many different occasions. Is it not possible that even at this late hour in the session something could be done whereby, in another parliament, whoever happens to occupy the minister's place, might be able to give a clear outline of what these services cost the government. It would not be such a difficult task to bring all these items of income and expenditure under one heading under the Post Office Department instead of under a number of departments.

Item agreed to.

Harbours and Rivers—Quebec

Anse au Griffon (river)—improvements to jetties—to complete contract—revote, $3,500.
Lévis—wharf, $134,000.
Lorne dry dock—improvements, $40,000.
Rimouski—rebuilding track foundation on wharf, $66,200.
Roberval—breakwater, $40,000.
Sept Iles—wharf, $50,000.
St. Grégoire de Montmorency—protection wall, $10,000—Total, $343,700.

Sir EUGENE FISET: Is it the intention of the department to call for tenders for the works to be undertaken at Rimouski? By the way, I would like to thank the minister in the name of the board of trade and the officials of the Canadian National Railways for having complied with their request. But I should like to direct his attention to the fact that this work should be carried forward at the earliest possible moment, because if it is not done immediately, this will be a great handicap for the wharf and harbour of Rimouski. The wharf is already clogged

with manufactured lumber as well as pulpwood, and it would be extremely awkward to carry on that work, especially because at the present time only light engines can go on the wharf. I therefore appeal to the minister to have the work carried forward at the earliest possible date.

Item agreed to.

Harbours and Rivers—Ontario

Byng Inlet—dredging—to complete payments on contract—further amount required, $1,400.
Collingwood—removal of dock, $43,500.
Fort William — harbour improvements—further amount required, $150,000.
Hamilton—warehouse on wharf, $7,500.
Hudson—wharf—further amount required, $4,500.
Little Castor river and Annable creek—contribution to the municipality of the township of Winchester towards dredging Little Castor river and Annable creek, the provincial government to contribute a like amount—revote, $5,200.
Port Arthur — harbour improvements—further amount required, $100,000.
Port Credit—harbour improvements, $20,000.
Thessalon—breakwater, $8,500.
Windsor—warehouse extension, $60,000—Total, $400,600.

Mr. EULER: There is in this appropriation an item of $60,000 for warehouse extension at Windsor. I was under the impression that a public building for post office and customs purposes was built there two or three years ago. I am curious to know whether business has expanded to such extent that an extension has to be added to that new building?

Mr. STEWART (Leeds): This is for an extension to the warehouse on the wharf.

Mr. EULER: Not in connection with the public building at all?

Mr. STEWART (Leeds): The public building is some distance away and not at all connected with this.

Mr. EULER: A warehouse for what?

Mr. STEWART (Leeds): Freight and passengers.

Mr. GRAY: What emergency has arisen that requires an additional $150,000 to the $100,000 we voted in the main estimates at Fort William?

An hon. MEMBER: Ask the Minister of Railways.

Mr. MANION: No emergency at all there.

Mr. STEWART (Leeds): It is additional dredging in the harbour.

[Sir Eugene Fiset.]

Mr. GRAY: Could the minister not foresee it when we were voting the main estimates a month ago?

Mr. STEWART (Leeds): This is for reconditioning the harbour, and these are days, as my hon. friend will agree, when you cannot see very far into the future.

Mr. ELLIOTT: In regard to item No. 349 I wonder if the minister found any ridings represented by Liberals in Ontario that required any dredging under this item, and if he would point them out.

Mr. STEWART (Leeds): There are not many Liberals in Ontario.

Mr. ELLIOTT: There will be plenty after a while.

Mr. CAMPBELL: Just digging holes for the Tories.

Mr. ELLIOTT: This is an example of how my hon. friend thinks public works should be distributed throughout Ontario. He does not seem to be able to find, in all these items, over $400,000, any place where any expenditure should be made in a Liberal constituency. Of course there they do not need it quite as badly, they are probably better represented in this house.

Item agreed to.

British Columbia

Fraser river—contribution towards protection work at Rosedale, B.C., $3,500.
Fraser river—north arm—dredging, $30,000.
Port Alberni assembly wharf—replacement of crane—further amount required, $2,000—Total, $35,500.

Mr. REID: Is it the intention of the minister to spend the remaining $245,000 appropriated for public works on the Fraser river under the unemployment relief bill? There was an appropriation of $300,000 and I understand the money has been spent only to the extent of some $50,000, that is for improvements in the Fraser river. As to the balance, when the program is outlined certain protection work was included; later, on the recommendation of his engineer here, it was cut out.

Mr. STEWART (Leeds): A review of conditions on the Fraser river is now being conducted. As my hon. friend knows they are rather difficult, there is a difference of opinion and we have not decided just where or how this money is to be spent. The freshet is just over.

Mr. REID: It is very true there is a great difference of opinion. I have a copy

of a telegram which shows it. I appealed to the minister this year regarding protection work for dyking and I was told that it was not the government's concern and they had no interest in the matter, no responsibility, although the engineer there says that the work that was done did interfere with the channel and throw the water on the dykes. I have here a copy of a telegram sent me not long ago purporting to come from the minister to Mr. Ladner in which the minister tells him that he will help him out regarding some protection work done there, but the minister is afraid the work I was appealing for cannot be done.

Department intends to complete protection work between roads 3 and 4 but upper protection work in the vicinity Rice Mills and road 9 are not dominion government concern. The only way I can se they can be dealt with is on basis of unemployment relief as provincial-municipal project submitting and approved by Labour department here on contributory basis.

I think that requires explanation, because the minister told me when I advocated that protection work should be done on the dyke on No. 9 road that it was not a responsibility of the dominion government.

Mr. STEWART (Leeds): Possibly some explanation is due my hon. friend. I think we understood each other thoroughly when he was speaking to me because I had received from him two or three days before that time a letter complaining about erosion at Rice Mills. It was in respect of that and that only that I spoke. The opinion of our engineers is that at that point nothing has been done by the Department of Public Works that contributes to that erosion. I was directing my attention entirely to what my hon. friend had in his mind at that time. I did not mean to convey to him that at every point on the Fraser river conditions were the same, because we do recognize that at some places possibly some works done by the dominion may have produced an effect detrimental to the shore, and we have made contributions in the past and will continue to make them wherever these conditions warrant it. But with regard to the particular site that my hon. friend has in mind we disclaim any responsibility whatever. One engineer may have a certain opinion, but the chief engineer of the department, who has studied the whole matter and has prepared the plans, is convinced that there is no responsibility with respect to the erosion at Rice Mills.

Mr. REID: Then am I to take it that the engineer in New Westminster, right on the ground, admitted that it was due to work done by the department, and on that recommendation coming to Ottawa an engineer sitting here said it was not? Is that the situation?

Mr. STEWART (Leeds): No, I do not think that is putting the whole case, which I am sure the hon. member desires to do. The chief engineer has been over the river there for years and years, has made an intensive study of it, as my hon. friend knows. The gentleman who made the recommendations has not given the subject that same study, he has only come there recently. I think in fairness to everybody my hon. friend will admit that an engineer who has gone out and studied the river over a period of years should be in a better position to give an accurate and expert opinion than one who has not given it the same study.

Mr. REID: I cannot agree, because the present engineer out there has been on the job for a year, he has been up and down the river, he has seen the works constructed in 1926 and 1928 which diverted the stream, and I doubt if the chief engineer has visited the Fraser river during the past four or five years. The engineer on the job knows the exact situation on the river and the engineer sitting in Ottawa does not. I say after the experience I have had with some of the engineers in Ottawa that they are not just as friendly to the Fraser river as they should be.

Mr. STEWART (Leeds): Again I say my hon. friend has not a full appreciation of the situation. I have been in the department nearly five years now, and I know that there is no work in the department about which the chief engineer and the staff here are more concerned than about conditions on the Fraser river. Conditions there are difficult. It is a river that carries a great deal of silt and causes a great deal of trouble, has great variations in flow, and freshets. As my hon. friend knows, a great deal of money has been spent there, dredging has to be carried on continuously and the chief engineer and a minister with any sense of responsibility will not lightly undertake a plan of development that involves an expenditure of millions over a period of years without giving the matter careful study. I assure my hon. friend that the Fraser river is one of the problems that has beeen given very intensive and careful study by everyone concerned with it, both in Ottawa and in the district.

Mr. ELLIOTT: Do I understand the minister to say that this government engineer

who has made the recommendation referred to has not such experience as would justify the minister in acting on his recommendation?

Mr. STEWART (Leeds): The district engineer on the ground has expressed an opinion that possibly the erosion at this point, Rice Mills, may have been contributed to by some work which we have done. The chief engineer, however, and those at the head office here do not concur in that opinion. This engineer was at Victoria for a long time and he has been at this point for only a year.

Mr. ELLIOTT: I would suggest that during the short time the minister is in charge from now on he should exercise care in securing engineers in whose judgment he will have some confidence. With respect to the Fraser river I want to say, with great respect to the chief engineer for whose opinions I have the utmost regard, that these questions as to whether or not certain artificial work done in a stream does or does not affect the flow of the water so as to cause damage are almost impossible of definite settlement. I listened with a good deal of attention to what was said by the hon. member for that riding, who has just spoken, and under the circumstances I think consideration should be given to steps that will remedy the difficulty of which he complains.

Item agreed to.

Telegraph and Telephone Lines—
Saskatchewan and Alberta—telephone line from Athabaska to Mirror Landing, $9,250.

Mr. ELLIOTT: I wonder if the minister can tell me how many miles of telephone lines the government have now and how many miles they have disposed of in the last five years.

Mr. STEWART (Leeds): I am sorry I cannot give my hon. friend that information. All I can say is that we have been disposing of lines where other services have been provided and where changed conditions have shown that we were not warranted in continuing them. I shall be glad to send my hon. friend a summary showing exactly what has been accomplished along that line; I think he will find it rather interesting. The annual report of the department would show that, also.

Mr. ELLIOTT: Of course it will be quite a while before that is available in connection with current matters. I wonder if the minister could give me an idea at the same time as to the prices that have been received per mile for the lines.

[Mr. Elliott.]

Mr. STEWART (Leeds): Yes, I will give full particulars.

Item agreed to.

TRADE AND COMMERCE

Mail Subsidies and Steamship Subventions—
Additional amount required for ocean and coastal subsidies and inspection services, $119,000.

Mr. REID: I should like to have some information as to what steamship companies are going to get this money and what service it is for.

Mr. MANION: I think I can give the information. The Minister of Trade and Commerce is absent, but I have the information here.

Some hon. MEMBERS: Where is he?

Mr. MANION: I do not know where he is to-day. This amount is divided into a number of subsidies, but I presume my hon. friend is interested only in those concerning the Pacific coast. The Canada-China and Japan service requires an additional amount of $60,000, which goes to the Canadian Pacific Railway Company. I think that is the only one on the Pacific coast.

Mr. REID: That is the company that already gets $690,000. I should like to know what further service is being given in return for this increased subsidy.

Mr. MANION: I am informed by the statements before me, which were laid before me just a few moments ago—since I came into the house as a matter of fact—that while as my hon. friend points out the Canadian Pacific receive subsidies, they have been carrying on under very great difficulties in view of the very heavy subsidies of which foreign ships are in receipt. No doubt my hon. friend is aware of the actions that have been taken in the neighbouring republic in the way of increasing their subsidies, and I know we hear many complaints from our steamship companies as to their inability to compete with very heavily subsidized shipping, particularly in the American republic and also in other foreign countries. They claim they simply cannot carry on this service without this additional assistance.

Mr. REID: That is not the information I really require.

Mr. MANION: Then I am afraid I do not understand my hon. friend's question.

Mr. REID: I know this item will go through, so I will cut my remarks short. This company has about 480 orientals on board as employees, and only a small proportion of the crew are white men, so I want to protest against this additional subsidy.

Mr. HEAPS: I should like to ask the minister whether these shipping companies do not belong to a combine and do not charge the same rates for the same class of freight and passenger service. If that is the case I do not see how the question of subsidies enters into the argument.

Mr. MANION: I think my hon. friend is entirely wrong in that; I believe he is referring to the North Atlantic combine. This concerns the Pacific, and so far as I am aware there is no such combine there and the same rates are not charged because there is continuous competition in regard to the shipment of Canadian goods to the orient.

Mr. REID: There is a combine in regard to lumber and other commodities and the rates are set in San Francisco.

Mr. MANION: There are conference rates, but these subsidies go largely in mail services; at least they are paid in the name of mail services.

Mr. REID: Is this for mail or is it just a subsidy to enable this company to carry on?

Mr. MANION: Without doubt this is a subsidy to enable them to carry on, but they carry mails as well.

Mr. WOODSWORTH: Does the minister say there is no combine or understanding with regard to rates in connection with coastal shipping?

Mr. MANION: I was not speaking of coastal services.

Mr. WOODSWORTH: This covers coastal services as well.

Mr. MANION: Yes, but the item of which I am speaking, concerning the Canadian Pacific railway, has to do with service to the orient. There are no Pacific coastal services in this item.

Mr. HEAPS: But why should we come to the assistance of these companies that belong to a combine that fixes rates for both freight and passenger services, whether on the Atlantic or on the Pacific? Why should we assist these combines, which are internationally controlled, by way of subsidies?

Mr. MANION: There is this to remember, that if other countries subsidize their shipping to look after the shipment of goods to foreign countries and Canada does not do so, Canadian shipping will be taken entirely out of our hands and placed in the hands of foreign shippers. We are up against that all the time. In connection with another branch of Canadian service, under the Canadian National, I have had brought to my attention very recently the competition of some United States lines which are very heavily subsidized. This affects our Canadian National ships, and though in that case we do not give a direct subsidy we do pay the deficit, so really it comes to the same thing.

Mr. HEAPS: If the rates are the same; if, as the hon. member for New Westminster says, they are fixed in San Francisco and Canadian ships are compelled to abide by the rates set in that way, in other words if a ship sailing from a Canadian port is compelled to abide by rates set in San Francisco, why should we be granting these subsidies? The only question that might come up would be if the revenue was insufficient in that case I could understand that we might give something towards making up the deficit. The thing I object to at the present time is that we have these international rates on the Atlantic and, to my knowledge, on the Pacific, and these rates are increasing each year while other commodity prices are going down. Yet we come along and assist these international combines by giving them subsidies out of public funds.

Mr. MANION: It may be true, as my hon. friend says, that there are conference rates. It is obvious that if powerful American shipping companies receive very heavy subsidies,—as they do—and that if Japanese companies receive subsidies from their country—which they also do—our Canadian shipping without assistance of some kind could not compete with them. It would simply go out of business, and other companies being given assistance would get the trade. We would be forced to the position of allowing our shipping to be handled by foreign ships and probably at a later time we would be forced to accept their rates.

Mr. HEAPS: Do the British shipping companies receive subsidies from the British government?

Mr. MANION: Yes, they are heavily subsidized.

Mr. REID: I realize that the Minister of Trade and Commerce (Mr. Hanson) is not in his seat, and that the Minister of Railways and Canals is just helping out. I would point out to him however that further details should have been given because this company is receiving $809,000 per year and as a matter of fact it is using slave labour. When the minister states these moneys are required so

as to enable them to compete with oriental or American ships I say we should have details as to the costs. Only the officers on these ships are Canadians or white persons, and the other persons employed are orientals. These men are hired in Hong Kong and paid between $5 and $10 per month. Under those circumstances I do not see why we cannot meet Japanese and American competition; yet we vote $809,000 to help them carry on.

Mr. MANION: I have some details before me, but I did not wish to go into them because I did not think it necessary. According to my memorandum however, furnished by the Department of Trade and Commerce, the nine American services received about $5,000,000 in subsidies and the Japanese line received a little more than $770,000. I do not know about the slave labour problem about which the hon. member has been speaking, but I do know that a parliamentary committee of this house considered the matter, I believe on the suggestion of the hon. member.

Mr. REID: I am sorry the matter did not come finally before the house.

Mr. MANION: It was referred to a parliamentary committee. I believe they made a report and the Department of Trade and Commerce are making an effort to deal with the matter. It is obvious however that if Canadian or British shipping companies pay high wages to white labour and oriental or foreign shipping companies pay very low wages to oriental labour it will be very difficult for Canadian shipping companies to compete. While I do not wish to go into details of the matter it is obvious I believe that competition must to a certain extent govern in matters of this kind.

Mr. REID: We are paying subsidies, and yet this Canadian company does not hire highly paid labour, as do the American and British ships. They hire slaves.

Mr. MANION: But this company has to compete with the Japanese, who are hiring oriental labour. The Japanese pay a subsidy of about $771,000 and use oriental labour. This company has to compete with them.

Mr. WOODSWORTH: Which of these shipping companies works in conjunction with the Canadian National Railways? How does a shipment from the Canadian National Railways go to the orient?

Mr. MANION: I presume it probably goes over Canadian Pacific shipping lines. I think so, at any rate. If the Canadian National Railways has not a line of its own—and it has not, on the Pacific to the orient—I sincerely hope it would give the business to the Canadian Pacific line, if the rates were satisfactory.

Mr. WOODSWORTH: The minister states that he sincerely hopes. I am given to understand that very frequently on the Pacific route Canadian National freight goes to the orient by Japanese ships. Here we have an anomaly where we are subsidizing the Canadian Pacific shipping on the one hand, to carry freight, traffic and mail and on the other hand we find our own Canadian National Railways competing with the Canadian Pacific Railway and cooperating with a Japanese line, against which we are supposed to subsidize the Canadian Pacific line. It seems to me that this whole business is a farce. We all know that the Canadian Pacific Railway is to a great extent only Canadian in name, because the shareholders are scattered throughout the world. I understand that 83 per cent of the shares of the company are held outside of Canada. I understand that the officers on the Canadian Pacific ships are to a great extent British, not Canadian, officers. I have no particular quarrel with the employment of British officers, but I point this out to indicate that it is not in any sense a Canadian affair. British officers are used rather than Canadian officers. I believe the hon. member for New Westminster is quite correct when he states that Chinese work on the Canadian Pacific line, and that these men have a much lower standard of living than have the Japanese on the subsidized Japanese line. For this reason I say we are maintaining a lower standard of labour than even the orientally owned and subsidized line. I say the whole thing is farcical and before we grant subsidies to the Canadian Pacific we ought to have details from the minister. Expenses on the Canadian Pacific Railway ships ought to be allocated and laid before the house before we are asked to vote subsidies. The Canadian Pacific Railway has no right to come to this parliament and to say, "We cannot get along without this; please give it to us" and give no information in return. It is not fair to ask us to vote subsidies on that basis. Has the minister any figures to give with regard to the cost?

Mr. MANION: No, I have not. I did not expect to be asked Canadian Pacific shipping costs. Even if I had the information I do not believe I could give it. I am informed.

by the officer in front of me that they have certain private information in the Department of Trade and Commerce, but that it is of a private and confidential nature.

Mr. WOODSWORTH: This committee should not be asked to grant subsidies when it does not know the situation existing, and when information regarding it is said to be private and confidential. I protest against that method of disbursing the taxpayers' money.

Mr. HEAPS: How many boats of this steamship company sail from Canada to the orient?

Mr. MANION: I am informed they have four mail boats.

Mr. HEAPS: Four mail vessels. How many sailings do those vessels make?

Mr. MANION: I am told they make twenty-five.

Mr. HEAPS: Therefore for twenty-five sailings per year we subsidize to the extent of about $800,000, which means about $32,000 per sailing.

Mr. LAPOINTE: That is pretty fair.

Mr. HEAPS: As a mental calculation I conclude that $32,000 is paid for each sailing.

Mr. MANION: The Japanese payment is a litle more than that. My hon. friend has taken the outside figure. I am informed by the officer in front of me that the Japanese and Canadian ships make about the same number of sailings, and that the Japanese get a little more in the way of subsidy.

Mr. HEAPS: It comes down to a question of a fight in regard to subsidies. When one country raises the subsidy I presume we will have to follow suit to keep our business. Is the minister aware of the fact that the whole question of mail subsidies is now under review in the United States?

Mr. MANION: It is under review, but while under review they are paying the highest subsidies in the world.

Mr. REID: While it is true that the Japanese and American ships are subsidized, the fact remains that they hire their own nationals, and we do not. That is a very important factor.

Mr. MacINNIS: When one knows all the facts it is amazing to hear the Minister of Railways speak about our Canadian shipping, and particularly when he refers to the Canadian Pacific steamships. I remember last year taking up with the Minister of Labour the matter of certain men employed as engineers on the Canadian Pacific steamships who had been dismissed and replaced by engineers brought to Canada from the old country. In view of the fact, as has been pointed out by the hon. member for Winnipeg North Centre, that 83 per cent of the shareholders of the Canadian Pacific Railway live outside of Canada, and that the crews of these ships are almost entirely composed of Chinese, and that when the ships have to be repaired they are taken to China for such repairs, it is strange to hear an expression of concern about losing Canadian shipping. What have we to lose?—merely the name of the Canadian Pacific Railway. About all the meaning that the term Canadian Pacific Railway has to the people of Canada is the permanent employment of Chinese.

Item agreed to.

DEPARTMENT OF MARINE

Miscellaneous and unforeseen expenses—further amount required, $5,000.

Mr. ELLIOTT: Is this amount supposed to take care of casualties?

Mr. DURANLEAU: This is supplementary to item 133, which is a small amount of $8,000 voted in the main estimates.

THE ROYAL ASSENT

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

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

Accordingly, the house went up to the Senate.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act respecting The Portage la Prairie Mutual Insurance Company.

An Act to amend the Admiralty Act, 1934.

An Act respecting The Wapiti Insurance Company.

An Act to amend the Juvenile Delinquents Act.

An Act to amend the Criminal Code.

An Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.

An Act to establish an Employment and Social Insurance Commission, to provide for a National Employment Service, for Insurance against Unemployment, for aid to Unem-

ployed Persons, and for other forms of Social Insurance and Security, and for purposes related thereto.

An Act to amend the Live Stock and Live Stock Products Act.

An Act to amend the Post Office Act.

An Act respecting Fair Wages and Hours of Labour in relation to Public Works and Contracts.

An Act to amend the Income War Tax Act.

An Act to provide for Minimum Wages pursuant to the Convention concerning minimum wages adopted by the International Labour Organization in accordance with the provisions of Part XIII of the Treaty of Versailles and of the corresponding parts of the other treaties of peace.

An Act to amend the Weights and Measures Act.

An Act to incorporate The Community, General Hospital, Alma House and Seminary of Learning of the Sisters of Charity at Ottawa, Canada.

An Act for the relief of Muriel Mabel Mutthart.

An Act for the relief of Emile Fossion.

An Act for the relief of Eva Bennett.

An Act for the relief of Helen Gertrude Bryant Wilson.

An Act for the relief of Gladys Sarah Jenkinson Weeks.

An Act for the relief of Mary Elizabeth Taylor Nicholson.

An Act for the relief of Jean Taggart Harfield.

An Act for the relief of Lily Ushoroff Bruker.

An Act for the relief of Hilda High de Boissière.

An Act respecting the Bridge across the Second Narrows of Burrard Inlet in the Province of British Columbia.

An Act to amend the Pension Act.

An Act to amend The Dominion Franchise Act.

SUPPLY

DEPARTMENT OF MARINE

The house again in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Miscellaneous and unforeseen expenses—further amount required, $5,000.

Mr. DURANLEAU: I was explaining that this item is supplementary to item 133 of the main estimates for $8,000, which is to take care of litigation expenses, and it happens that this year we have a very expensive case in the exchequer court in Vancouver and this sum is necessary to meet the costs of same.

Mr. ELLIOTT: For some years this vote has been $8,000 and now you are asking for an additional $5,000.

Mr. DURANLEAU: As I already told the committee, we have a special case on this year in Vancouver, which entails heavy expenses on account of the distance between Ottawa and the Pacific coast and the importance of the litigation.

Item agreed to.

River St. Lawrence ship channel dredges—(b) to provide for the maintenance and operation of the government ship channel fleet and government shipyard—further amount required, $250,000.

Mr. WOODSWORTH: Some weeks ago I asked for certain information which would have enabled me to have a better understanding of this item but although this question was allowed to stand as an order for return, the return has not yet been tabled. I should like to know how many dredges were owned by the department in 1928.

Mr. DURANLEAU: I am sorry but I have not that information.

Mr. WOODSWORTH: How many were owned in 1935?

Mr. DURANLEAU: Offhand I should say about ten or twelve.

Mr. WOODSWORTH: When were they acquired?

Mr. DURANLEAU: Some years ago; some were built by the department in the shipyard at Sorel.

Mr. WOODSWORTH: What did they cost?

Mr. DURANLEAU: That is the trouble. My hon. friend has been complaining of delays in supplying information he has requested from my department. These details are complicated and my officials have not had enough time to pick up all the information. As I told my hon. friend the other day, they are working at it, and as soon as possible it will be laid on the table of the house.

Mr. WOODSWORTH: That is not sufficient. Surely if the minister's department is properly organized, he knows how many dredges there are at the present time and what those dredges cost. No minister can tell me that such information is not readily available within the department. It is now three weeks since the information was asked for.

Mr. DURANLEAU: For the information of my hon. friend as to this item, we are asking for a further amount of $250,000 in order to complete as soon as possible with our own dredges the cleaning up of the ship channel from the sea to Montreal to a depth

of thirty-five feet at the level of 1897 or thirty-two and a half feet at the level of October, 1934. That is the only purpose. The work has become more and more pressing on account of the increase in the tonnage of ships coming to Montreal, and as we are anxious, as all Canadians should be, that this channel be completed during this present season of navigation, that is why we are asking for this further amount.

Mr. WOODSWORTH: The purpose of submitting these estimates to the house is that the house may be apprised of the necessity of the works proposed to be undertaken. This is a large item amounting to $250,000, and I should like to know a little more about it. The very fact that the minister finds it so hard to give me the information makes me a little bit more curious. How many scows are there at the present time attending these dredges?

Mr. DURANLEAU: I have not the information at the present time, and I do not think it has anything to do with the vote in question. As a matter of fact this item is not for the purpose of building or purchasing dredges or scows; it is for the purpose of putting into commission dredges and scows owned by my department and which for reasons of economy have been laid up during these last years.

Mr. WOODSWORTH: That is the very point. I would like to know how many there are altogether in the fleet.

Mr. DURANLEAU: In the last two years we have had on the St. Lawrence only four dredges, two working below Quebec and two above.

Mr. WOODSWORTH: How many altogether?

Mr. DURANLEAU: I have already told my hon. friend that I think we have ten or twelve dredges belonging to the department.

Mr. WOODSWORTH: What percentage of the dredging in the St. Lawrence river from Montreal to Quebec has been given to private contractors?

Mr. DURANLEAU: I have not that information before me, I am sorry. All I know is that we are carrying out the program which was laid down by our predecessors before 1930, and the work on the portion of the St. Lawrence which was left to be completed by the dredges of the department is a little bit in arrears. That is why I want this further amount to supplement the $1,140,000 voted in the main estimates for our own fleet, in order to complete the cleaning up of the channel between the sea and Montreal.

Mr. WOODSWORTH: The minister has a fleet, but he cannot tell how many ships there are in it or what they cost. Is it to be the policy from now on to do all the dredging by the fleet owned by the department?

Mr. DURANLEAU: It is not our policy, because the department does not have powerfull enough dredges to do certain works in the St. Lawrence. Our dredges are not all up to date and we have not powerful enough dredges for that purpose. As regards certain works where there is rock for instance, we have tried to do the job with out own dredges, but it was so costly to the department, five or six times more than it would cost under contract, that we had to abandon it. It is the scheme adopted by our predecessors that we are proceeding with.

Mr. WOODSWORTH: What is the cost to the department of supervising the work done by those contractors to whom the minister has just referred?

Mr. DURANLEAU: As I have told the committee, I have not the information at hand. I know the department has many engineers surveying the St. Lawrence during the whole navigation season. We have also on contractors' dredges, following the operations and making reports to the department, two or three inspectors, depending on the circumstances. If the dredge is working twenty-four hours a day, we have three inspectors; if it works only during the daytime, we have only two. But as to the amount expended for that purpose, I have not the information before me. I can say to my hon. friend that the supervision is complete and very satisfactory to the department.

Mr. WOODSWORTH: Have any government dredges been sold to or used by private contractors?

Mr. DURANLEAU: Not since I have been in charge, to my knowledge. I may add this, that since my department has acquired from the Department of Railways and Canals the dredge Churchill, this dredge was put at the disposal of the Saint John dry dock for the demolition of berths one, two, three and four which were burned three or four years ago as my hon. friend will remember. That is the only circumstance

where a dredge was put under rent or loan to a contractor. When I say "loan," I might explain: The St. John dry dock company had undertaken the demolition at cost plus four per cent or five per cent and that dredge was put at their disposal.

Mr. WOODSWORTH: Have any dredges or scows been sold to the Quebec harbour commission?

Mr. DURANLEAU: Not to my knowledge; I do not think so. The Quebec harbour commission might have sold an old dredge, but I do not think the commission has bought any dredge.

Mr. WOODSWORTH: Have any floating scows or rock breakers or stone lifters been supplied to the contractors?

Mr. DURANLEAU: As I told my hon. friend a minute ago, I have not the information.

Mr. WOODSWORTH: It is rather curious that we are being asked to vote a further amount of $250,000 to provide for the maintenance and operation of the government ship channel fleet and government shipyard, and the minister, after having been asked for this information for some weeks, has apparently not been able so far to ascertain facts that ought to be ascertainable within a few hours in any well organized department. I cannot understand the minister taking that attitude. If he wants this $250,000, the least he can do, like other ministers, is to have the information at hand, and I think we are entitled to ask that this item stand until we receive the information. At present we cannot vote intelligently on this item.

Mr. DURANLEAU: I do not think the fact of lending a scow or other equipment to a private firm or otherwise has anything to do with this item which is to supplement item (b) in vote 139 which concerns our own fleet. It is not for the purpose of purchasing any equipment, dredges, scows, tugs or anything, it is only to put into commission the tugs, scows and dredges we already have belonging to the department, and to pay men to be put on those dredges.

Mr. WOODSWORTH: Then on that basis the minister can surely tell me how many dredges they have. If he wants $250,000 more to put them into commission can he not tell me how many we have? Several weeks ago I asked how many we had in 1928, how many in 1929, in 1930, in 1931, in 1932, 1933, 1934 and 1935, and apparently he cannot tell me.

[Mr. Duranleau.]

Mr. DURANLEAU: If the information mentioned by my hon. friend were the only thing asked in his long list of questions he would have had the answer long ago. But there are some details asked which involve a great deal of work by my engineers, and at present the larger number of my engineers are on the St. Lawrence or elsewhere.

Mr. WOODSWORTH: This is not a question that pertains to engineering, and the minister knows that well. The information is in the department, it is a matter of bookkeeping, and the minister could get it within three hours if he wanted to give it. I think we ought to have it before proceeding with this item. A quarter of a million dollars is asked to put certain dredges into commission, and the minister refuses to inform us how many they have and their history.

Mr. DURANLEAU: I told my hon. friend that we have about ten or twelve. But it does not matter much if we have twenty or twenty-five so far as this item is concerned, because we have only four in commission at the present time, and with this amount I might put one or perhaps two more into commission. That would make five or six out of ten.

Mr. WOODSWORTH: I am asking what percentage of work is to be done by these dredges of the department and what percentage is to be done by private contractors.

Mr. DURANLEAU: Offhand I would say the works were divided almost equally in the scheme of my hon. friend which we are proceeding with. But the department, owing to our equipment not being up to date, and the fact that we have not large funds available, is behind with its work. I would like to have this further amount in order to complete the cleaning up of the channel this season. This work is asked for by the province of Quebec and I think should be approved by all citizens of Canada. It is very important for Canada that large ocean shipping should be brought to the heart of Canada. That is why we want to keep our channel in proper shape.

Mr. WOODSWORTH: Can the minister tell me how many firms tendered for this work?

Mr. DURANLEAU: From memory I cannot say. I know tenders were asked when that contract was let in May, 1930, by the previous administration. My hon. friend knows that the firms equipped to do that sort of work on the St. Lawrence are few.

Mr. WOODSWORTH: How many are there?

Mr. DURANLEAU: There might be two or three firms in Canada.

Mr. WOODSWORTH: Is there more than one firm doing the work?

Mr. DURANLEAU: Yes, I can tell my hon. friend that there was a main contract and also subcontracts to two other firms, I think. But there are certain works for the execution of which I do not think more than two firms in Canada have equipment.

Mr. WOODSWORTH: What are the names of those firms?

Mr. DURANLEAU: I think the General Dredging Company Limited had the main contract, and the other firms which had their share of it are, I think, the Canadian Dredging Company and J. P. Porter & Sons, Limited. They are very reliable firms, and the works are done to the great satisfaction of my engineers.

Mr. WOODSWORTH: Is it proposed that when the dredges are reconditioned the department is to use them itself, or to let them out to one or other of these contractors?

Mr. DURANLEAU: The policy of this government has been to keep for our own department the equipment we had in 1930. Moreover we have purchased from the Department of Railways and Canals the Churchill, a powerful dredge. She is at Saint John at the present time, working at the reconditioning of berths 1, 2, 3 and 4. We do not intend to sell our equipment.

Mr. WOODSWORTH: I am not speaking of selling, but does the department itself operate its own dredges and scows, or does it on occasion give the use of them under certain conditions to private contractors?

Mr. DURANLEAU: The dredges and scows which we do not use, on account of the small amounts voted by this house for the last three or four years, have been laid up and kept in a reasonable state of repair.

Mr. WOODSWORTH: That is not my question. When this $250,000 is expended and our fleet is reconditioned is it the policy of the department to operate the whole of that fleet itself, or are certain parts of the equipment to be given over to be used by private contractors?

Mr. DURANLEAU: The policy of this government is to employ our whole fleet when we have a vote large enough for the purpose. We do not rent or lend our equipment to any private firm.

Mr. ELLIOTT: What is this $250,000 for? Is it for repairs to the existing fleet or to operate the fleet?

Mr. DURANLEAU: The greater part of this amount is to put into commission one or two dredges of the department which are in a fairly good state of repair. It is to employ more men on our fleet. It may be that small repairs will be necessary, because the vote covers also expenses of the plant at Sorel. But the largest part of this amount is to put into commission one or two dredges.

Mr. ELLIOTT: We are pretty well along in the dredging season. Has the department decided whether it is one dredge or two in addition to what they have been operating for the last few years?

Mr. DURANLEAU: I had asked for a larger amount than this, but obtained $250,000 from the treasury board. I am told by my officials that we might be able to put two more dredges into commission. It may be that we shall have to shorten the season when the amount is exhausted, but we intend to put on two more dredges.

Mr. ELLIOTT: I have some knowledge of dredging and I want to say that if you intended to do dredging this year the dredges should have been equipped and at work before this. I see that under item No. 139 of the main estimates $1,140,000 was voted for this same purpose, the same vote the minister had in 1934-35. Now he comes along with an additional $250,000 and he does not know whether one or two additional dredges will be required. The minister does not seem to know anything in particular about what is going to be done with this $250,000. I agree with my hon. friend from Winnipeg North Centre; I think this item should stand until the minister knows something about the number of dredges it is intended to operate and what will be done with this amount of money.

Mr. DURANLEAU: I have given a fairly good explanation.

Mr. ELLIOTT: It may be satisfactory to the minister but it is an awfully poor explanation so far as the committee is concerned.

Mr. DURANLEAU: I am told by my officials that with two more dredges working in

the channel between Quebec and Montreal we may expect the thirty-five foot channel to be completed probably next September. It is our intention to put on these two additional dredges for as long as possible with this amount of money, in addition to the other four dredges that have been in commission since the beginning of the season. I think that explanation should be satisfactory.

Mr. POULIOT: If I am permitted to butt into this highly technical discussion I should like to ask the minister if it is not true that dredging is much cheaper when it is done by private firms than when it is done with the departmental apparatus, and if that is so I should like to know why.

Mr. DURANLEAU: I cannot admit the proposition put forward by my hon. friend. It may be so; it all depends on the equipment and the material. Of course a powerful, up-to-date dredge would do more work than another dredge not so powerful. The trouble is that the department has not the powerful dredges needed in certain parts of the St. Lawrence. It may be also that the dredging done by a private firm may be less costly because of the wages paid. The department is supposed to pay better wages than private firms. I do not affirm that fact, but I think that is the case.

Mr. POULIOT: I understand that what the hon. gentleman has said is just a preface to his answer, and I am waiting for this answer. I asked if there was any reason why it should be cheaper to have dredging done by private firms than by the department. That is my question; it is right to the point, and I should like to have a straight answer.

Mr. DURANLEAU: I want to be frank with my hon. friend; I think dredging done by private firms costs less to the department than the dredging done by the department, but the department must maintain its dredging because we have a great deal of cleaning up to do in the channel, and we need the fleet for that purpose.

Mr. POULIOT: I thank the minister. I am satisfied with his answer.

Mr. GARDINER: I suppose the minister has some information as to the yardage that has to come out of the St. Lawrence that must be handled by these large dredges; I presume the engineers of the department have taken soundings in the channel. Can the minister say what yardage must be handled by the large dredges and the approximate yardage that can be handled by the departmental dredges?

[Mr. Duranleau.]

Mr. DURANLEAU: I think I have the information at the department; I am sorry I do not have it here. I can tell my hon. friend that the dredging in the St. Lawrence, under the 1930 contract, has been going on steadily and is now pretty well advanced.

Mr. HEAPS: Was not the water in the St. Lawrence very low this year?

Mr. DURANLEAU: Yes, at one time, but in the last three weeks the water has come up over a foot and a half, and at the present time the level is very satisfactory.

Mr. GARDINER: Would the minister tell the committee whether the contract entered into in 1930, which is being continued, calls for the completion of the work which the department dredges cannot handle?

Mr. DURANLEAU: Yes.

Mr. GARDINER: Is the contract on the same price basis as when it was entered into in 1930?

Mr. DURANLEAU: No, the price has been lowered by two or three dollars a cubic yard. It has been lowered by at least two dollars for the further hard work.

Mr. GARDINER: Was this contract of 1930 let to one company?

Mr. DURANLEAU: Yes, and part of the contract was transferred to the other firms I have already mentioned.

Mr. GARDINER: What company got the original contract?

Mr. DURANLEAU: The General Dredging Company, Limited.

Mr. GARDINER: And they sublet some of that contract to other companies?

Mr. DURANLEAU: I think they have transferred part of their contract.

Mr. GARDINER: Just what proportion of the contract has been transferred and what are the companies that secured the sub-contracts from the original company?

Mr. DURANLEAU: I could not give the exact figures but I think the two other companies secured nearly one-half the whole job.

Mr. GARDINER: Of the original contract?

Mr. DURANLEAU: The original contract.

Mr. GARDINER: Can the minister give the committee any information as to the price at which these sub-contracts were let?

Mr. DURANLEAU: I am under the impression that it was a transfer of contract. It may be that the company that secured the original contract, being responsible for the work, might have retained five or ten per cent of the amount, but it was practically a transfer of contract.

Mr. GARDINER: But in view of the fact that the department let this one continuous contract for all this work surely when sub-contracts are made the department must have information not only as to the companies to which the sub-contracts were let but also as to the prices at which they were let, because the minister has stated that the original company must be responsible for the proper completion of the work.

Mr. DURANLEAU: When we came into power in 1930 these sub-contracts had been let and the companies were at work. I have not the contracts or sub-contracts here; I would not like to mislead this committee, but I think it was practically a transfer of part of the contract.

Mr. GARDINER: If it was a transfer of part of the contract—and we will accept that explanation—then the minister's department must have been a party to that part of the transfer. Therefore he must have information in his office as to the terms upon which the transfer was made. That is the information I should like to have.

Mr. DURANLEAU: If the hon. member desires to have the information I should be glad to supply it; no doubt I can supply it, but I have not the information with me.

Mr. GARDINER: Could the minister have it to-night at eight o'clock?

Mr. DURANLEAU: I could write the hon. member and tell him the facts.

Mr. GARDINER: Could you get it to-night?

Mr. DURANLEAU: I do not know; it is five-thirty, and the office will be closed. I could write, however.

Mr. GARDINER: I should like to have this information before the committee because in my judgment it is very important to have a little more information about dredging contracts in the St. Lawrence. If the minister could see his way clear to let it stand until such time as he could get the information, I would appreciate it very much.

Mr. MITCHELL: The minister left the impression that the wages paid by private contractors were not as high as those which might be paid by the government. I should like to know whether the fair wages clause is made a part of private contracts.

Mr. DURANLEAU: The fair wages clause is inserted.

Mr. HEAPS: Why is it that they were paying lower wages than the government were paying?

Mr. DURANLEAU: I thought they were.

Mr. GARDINER: The minister is not sure.

Mr. DURANLEAU: For instance, the captain on a dredge of a private concern might receive a little less salary than a captain on a government dredge; I am not quite sure about it. The wages paid to labourers are the same, because they are under a fair wages scale.

Mr. GARDINER: In view of the statement made by the minister to the effect that government dredges could not compete with privately owned dredges because of the fact that they were paying a lower wage scale, I believe we should have further information concerning the vote before we are asked to pass it. Perhaps the minister would accede to the reasonable request that the item stand until the information is received.

Mr. DURANLEAU: I have no objection.

Item stands.

DEPARTMENT OF THE INTERIOR

International boundary commission—expenses connected with the maintenance in a state of effective demarcation of the international boundary—revote, further amount required, $6,819.42.

Mr. REID: May we have information regarding this vote? I ask at this time because two boundary marks were placed on the international boundary at Temiahmoo Bay, and I was wondering whether or not the department would complete those international boundary marks. As is known, the cost is borne by both the United States and Canada.

Hon. T. G. MURPHY (Minister of the Interior): Does the hon. member refer to the marks at Boundary Bay?

Mr. REID: Yes.

Mr. MURPHY: This item is for that expenditure. The Department of Public Works were erecting those marks and were not able to complete them by March 31 this year. This is a revote to enable them to pay for the completion of the work.

Mr. REID: I appreciate the minister's reply, and I know it will be appreciated out there.

Item agreed to.

Mines Branch

For investigations of mineral resources and deposits; of the mining and metallurgical industries, and of mineral technology; wages, and expenses of testing and research laboratories; for publications, English and French; for purchase of books and instruments; for miscellaneous assistants and contingencies; and for investigations by the dominion fuel board, including salaries and all other expenses—further amount required, $10,000.

Mr. CAMPBELL: I am sorry the Minister of Mines is not in his seat because I had a few questions to ask him. However I shall not delay the committee in the consideration of the estimates, but shall proceed to make only a few observations regarding the mining situation in Canada and how it has been affected by developments in the last few years.

All is not well in the entire mining industry, a fact which is known to many hon. members in the chamber and people throughout the country. That condition has arisen through many contributing factors but chiefly through increased taxation in the last three or four years. I bring this matter to the attention of the government in spite of the fact that any increase in taxation on the mining industry will of course be paid. The Prime Minister has already stated that the men in that industry have been the best taxpayers in the Dominion of Canada. It is a fact however that any increase in taxation will be passed on by way of a lower wage to the labouring men. That condition has existed in the industry during the last four years. In 1930, 89,000 men were employed in the entire industry, drawing $113,000,000 or an average of $1,277 each. In 1933, despite all the prosperity in the gold mining industry only 63,000 men were employed in the entire industry, drawing a total of $70,000,000 or an average of $1,105 each.

I would point out, and I ask that my observations be handed on to the Minister of Mines, this item calls for an expenditure of $10,000 mainly for purposes of further research into mineralogy and metallurgy. The only way the mining industry will be able to keep on paying the increased taxes imposed on it by different governments is by the development of further uses for base metals. The mines in Ontario, per ton of ore milled in 1931, paid a tax of 43½ cents per ton, in 1932, 59 cents per ton, and in 1933, 81¼ cents per ton. Following that the bullion tax was put on and the total increased to $1.35½ per ton. This shows that these taxes have gradually increased regardless of the bullion tax. The only way the industry will be able to meet them will be by developing new uses for the different base metals. Hon. members are aware that the International Nickel Company has become prosperous through increased sales of nickel brought about by the fact that in each year that company has spent about a million dollars in research work and in attempts to find further uses for their product. I would ask the government to consider adding a considerable amount of money to the vote for research in connection with base metals, of which we in Canada have a large supply. We would thus be making an effort to find new uses for many of the products which we can produce at low cost, and the mining industry would be able to continue and to pay the increased taxation which from time to time may be asked of it. I should like to pay tribute to the metallurgists not only in the government employ but in the employ of private companies who have made it possible for the industry to carry on under the severe penalties placed upon it through government taxation. The same could be said of the mine operators. I again ask the government seriously to consider further research into metallurgical problems.

Mr. RHODES: I shall be pleased to undertake the forwarding to the minister of the hon. member's remarks.

Mr. POULIOT: What are the details of this vote?

Mr. RHODES: In the absence of the minister I have not the information, but if the hon. member desires I shall see that he receives it.

Mr. POULIOT: There is something here in regard to the dominion fuel board. Now, there has been some high pressure canvassing since the beginning of this session, and there has been lobbying in the interests of peat. Peat, it is said, is going to save this country if a subsidy is granted to a peat firm. This is most ridiculous, and we should not be bothered by any canvassing on the part of lobbyists in the House of Commons, asking for a grant for peat. Every member has been imposed upon since the beginning of the session by invitations to entertainments and otherwise, for the purpose of lending encouragement to the new industry. We have had enough of that, and I hope the government will be sensible enough not to give any consideration to such interested propaganda.

We do not know anything about it. The gentleman says he represents some Scotch company, but nobody knows whether it is Scotch or Danish or Nordic. It is a real imposition for members to have these fellows running after them and, as I say, I hope the government will be sensible enough not to pay any attention to such a request.

Mr. BERTRAND: I cannot allow the remarks of my hon. friend to pass unchallenged. I do not intend to refer to any company whatever, or to discuss lobbying or canvassing; but to say that we should not study the peat situation because something of this sort might have been done is absolutely contrary to common sense. Peat is a natural resource of this country; it is a fuel to be found in the central provinces and it might be utilized by the people to great advantage. It would probably result in curtailing importations of fuel, and it would give work to local men in the processing of it. I would recommend very strongly that further investigation be made into the possibilities of this natural resource. I think the government should carry on investigations in the interests of the Canadian people.

Mr. POULIOT: The committee is perhaps under the impression that my hon. friend from Prescott disagrees with the remarks I have made. As a matter of fact, I fully agree with him, and what I said was not intended to discourage experiments on the part of the government in connection with peat. It is a natural resource and I think the government should continue those experiments and choose the best fields in order to secure the best sort of peat available. But that is a very different thing from saying that a subsidy should be granted to a private concern. My hon. friend from Prescott has not said anything that conflicts with the views I have expressed.

Item agreed to.

DEPARTMENT OF LABOUR

Annuities Act—further amount required, $65,000.

Mr. EULER: The sale of government annuities is, I understand, pretty well in the hands of certain officials throughout the country who have offices in the larger towns and cities and who do their work on the commission basis. I am informed that at the beginning of this year the commission was cut approximately forty per cent. Offhand, I would say that this is a very drastic reduction in the remuneration which is allowed these agents, and I am impelled to ask—I suppose it would be the Minister of Finance under the circumstances—whether this reduction is made in the interests of economy or in order to discourage the sale of government annuities, and also whether similar reductions have been made in other phases of this particular branch. Either we have allowed too much in the past or we are not allowing enough now. What is the explanation of the reduction?

Mr. RHODES: Until my hon. friend said that there had been a reduction in the amount of the commission paid, I had not heard that there had been, so that I shall have to make inquiry of the officials of the department to ascertain whether it is a fact. I shall endeavour to have the information if at all possible before the committee rises. I cannot answer the question offhand, but I can say that there has been no diminution in the applications for annuities; on the contrary, there has been a very marked increase in the demand. If I mistake not, the occasion for this vote, although I have not the details before me, arises because of the additional expense incurred as a result of the very largely increased demand for annuities which has been apparent throughout the year. However, I will endeavour to have the exact information before the committee rises.

Mr. EULER: I am satisfied with the reply which the minister has given in the meantime. I wonder whether he would say anything as to the attitude of the government towards annuities? Are they really in favour of extending the sale of annuities or would they prefer to see it gradually die out? I had the impression years ago that the annuities business of the government was not a remunerative one, and one would hardly blame the government if they did not encourage the sale of annuities.

Mr. RHODES: There has been no change in the policy which has obtained hitherto, not only under this government but under the preceding one as well; we have pursued the same policy. The sale of annuities has increased year by year, and that in itself is evidence that there has been no intention of discouraging it. I have no hesitation in frankly saying to my hon. friend that I believe that a government another year would be well advised to review the rates paid for annuities, because they are below the actuarial requirements.

Mr. EULER: Is not that probably the reason the business is increasing?

Mr. RHODES: That might very well be a contributing factor. As a matter of fact I

believe that they fail to carry themselves to the extent of $450,000 per annum, apart from the overhead. The carrying charge involves that annual drain upon the treasury, and I think the price of annuities might properly be increased to the point where they would carry themselves, apart from administration.

Mr. EULER: It might also be one of the reasons why the commissions have been cut.

Mr. RHODES: I shall have to inquire with regard to the question of commission.

Mr. HEAPS: What is the total amount of annuities in force at the present time?

Mr. RHODES: I have none of the data here, but I will endeavour to get it before the committee rises.

Item agreed to.

International Labour Conference—further amount required, $5,000.

Mr. POULIOT: This is a rather small amount. The government had some forms of convention through this organization, and the mistake that was made was to contend that these forms were binding like contracts. It was a great mistake of the government, though I see some of my hon. friends opposite smiling—one of them particularly on the treasury benches. He knows that I am right and he knows that these so-called conventions are not binding upon Canada and were merely an attempt to justify the new era and the new social legislation which was passed in an effort to save Canada economically. It was a great mistake and everyone regrets it. We find a vote of $1,000 for the administration of hours of labour, weekly rest and minimum wage acts. In addition there are other large amounts being provided to grease the wheels of this new machine. It is regrettable that a complete study of this whole matter was not left to the minister whom I saw smiling a minute ago. I know that with his profound knowledge of the law he would have told the government that they were mistaken. If the Minister of Finance (Mr. Rhodes) had been asked to look into this matter I am sure that with his great experience as a lawyer he would have said that it was no good. If the Minister of Public Works (Mr. Stewart) had been asked to make a special survey of the whole thing I am sure he would have said that it was no good. If my friend the Minister of Marine (Mr. Duranleau) had been asked to report I am sure his report would have been against all this. If the Solicitor General (Mr. Dupré) had been asked to look into this legislation I am sure he would have said: We cannot go on with this. As it was, this was made up by third rate clerks and imposed upon the government by someone whom we all know. They were told they must accept it as it was, whether good or bad, just because it looked nice. This legislation was not drafted as a means of doing good, it was simply made to look nice. And it is going to cost a lot to pay for it all. I do not believe this legislation will work out and my deep conviction is that as soon as it is brought before the courts it will be declared to be void. We will then be no better off than we were before while those who have been appointed as members of these boards will join the ranks of the unemployed. Perhaps that is the only satisfaction we will get from the legislation.

Item agreed to.

Administration of hours of labour, weekly rest and minimum wages acts, $100,000.

Mr. MACKENZIE KING: The government seems now to be showing some concern about the constitutionality of its measures and in view of that attitude I should like to know if the minister does not think it might be wise to consider testing the validity of one, two or three of these acts before entering upon their administration on too vast a scale?

Mr. RHODES: There is nothing I can add to what the Prime Minister (Mr. Bennett) has said on one or two different occasions when similar questions were put to him by the right hon. leader of the opposition (Mr. Mackenzie King). I shall direct the Prime Minister's attention to this question in the event of his desiring to enlarge upon what he has said previously.

Mr. MACKENZIE KING: The trouble is that in the early part of the session the Prime Minister did not seem to care much about the matter of constitutionality but during the latter part he has seemed to be greatly concerned. We should like to know just where the government stands now.

Mr. RHODES: If I possessed the necessary legal background I might attempt to answer the question myself, but not having that I prefer to leave it to the Prime Minister.

Mr. MACKENZIE KING: I can quite appreciate the fact that no member of the government feels himself able to give an answer.

Mr. POULIOT: This so-called social legislation was the main issue in the provincial campaign in New Brunswick which ended yesterday and I think the answer was loud enough.

Mr. YOUNG: Will the minister give us the particulars of this expenditure?

Mr. RHODES: My hon. friend will appreciate that this vote is under the Department of Labour and the Minister of Labour (Mr. Gordon) is not present. I have offered to give information in answer to one or two questions and before the committee rises I shall endeavour to answer the question of the hon. member for Weyburn (Mr. Young).

Mr. YOUNG: The item will stand in the meantime?

Item stands.

INDIAN AFFAIRS

Indians—
To provide for expenses connected with the administration of Indian affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc.—further amount required, $200,000.

Mr. POULIOT: Could the minister give the number of the Indians who have received relief since 1929? If he cannot give that information immediately will he furnish it before the end of the session?

Mr. MURPHY: I shall be very glad to do that.

Mr. ELLIOTT: I understand that quite a substantial portion of this item is to be expended upon roads in the Indian reserves; am I correct in that understanding?

Mr. MURPHY: This item is made up as follows: For Indian education $154,000 is being provided, made up of $67,000 for an increase in the per capita grants to residential schools; $40,000 to cover the final payment towards the cost of construction of the Beauval Indian residential school and $47,000 to provide furnishings for Indian residential schools erected from funds provided under the Public Works Construction Act. A sum of $21,000 is being provided for medical services, to provide for furnishings and equipment for buildings erected under funds provided under the Public Works Construction Act. An amount of $25,000 is being provided for aids to Indians, to cover the construction of thirty new houses for Indian families forced to move through the raising of the water level of Lac Seul.

Mr. ELLIOTT: Nothing for roads?

Mr. MURPHY: Not under this item.

Mr. ELLIOTT: Then why are roads mentioned?

Mr. MURPHY: This item follows the wording of the item in the main estimates; that is the only reason I can give.

Mr. ELLIOTT: It is misleading as it stands. Apparently it was easier to copy the old item and in the meantime the Indians on the reserves, instead of travelling along the roads which are practically impassable will have to continue to go through the fields.

Mr. POULIOT: Will the minister supplement the information he promised to give me by giving the number of dependents?

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 READING

Bill No. 27, respecting the Canadian Marconi Company.—Mr. Sullivan.

Bill No. 96, respecting the Sarnia-Port Huron Vehicular Tunnel Company.—Mr. Gray.

Bill No. 113, for the relief of Dora Eleanor Mathieson Campbell.—Mr. Vallance.

SUPPLY

INDIAN AFFAIRS

The house in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Indians—
To provide for expenses connected with the administration of Indian Affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc.—further amount required, $200,000.

Mr. REID: I would like to ask the minister a question on behalf of the hon. member for Vancouver North (Mr. Munn) who is not present. Is there anything in this appropriation for river bank protection on the Squamish river?

Hon. T. G. MURPHY (Minister of the Interior): No.

Item agreed to.

Department of National Defence

Radio Services—
For the maintenance and operation of the Northwest Territories radio system—further amount required, $50,000.

Mr. POULIOT: May I ask the government whether the proposal contained in the speech from the throne for the establishment of a department of communications during this session has been put into force and, if so, when and to what extent?

Mr. GUTHRIE: We will not proceed with that until next session.

Mr. POULIOT: I am very glad to hear that, because it is one of the social measures that have been dropped.

Item agreed to.

DEPARTMENT OF LABOUR

Administration of hours of labour, weekly rest and minimum wages acts, $100,000.

Mr. RHODES: This item stood. There was first a question submitted by the hon. member for North Waterloo (Mr. Euler). I find that there were reductions in commissions, that is in the maximum commission payable, in only two classes of annuities. The maximum commission in the case of single payment deferred annuities was reduced from $100 to $50. In the case of deferred annuities on an annual payment basis, the maximum commission was reduced from $125 to $75. All other commissions were left undisturbed. I am advised by the department that the reason these commissions were reduced was that there was a drive by the representatives to secure the purchase of annuities by moneyed men, whereas the object of the act in the first instance was to make annuities available to a more humble class of our citizens, and in those classes the commission was not disturbed.

Mr. EULER: Has the act been successful in that direction?

Mr. RHODES: I have not an analysis of the figures as to the extent that it was an inducement to the agents to go after that class of business. I presume there must have been at least some success. Then my hon. friend from North Winnipeg (Mr. Heaps) inquired as to the amount received for annuities. I have the figures dating from the inception in 1923-24. In that year the amount received was $1,458,818.92. It ran along for succeeding years at about that sum until 1927-28, when it amounted to $3,843,087.96. It remained at approximately that figure until 1932-33. In that year there was received $3,547,345.03, representing contracts purchased to the number of 1,375. That figure jumped perceptibly in the next year, 1933-34, when there were contracts issued to the number of 2,412, and the amount paid in for the annuities in that year was $7,071,439. For 1934-35 there were contracts issued to the number of 3,931 and the amount received in that year was $13,376,400.02.

The total number of contracts issued to March 31, 1935, is 22,737 and the total receipts amount to $56,661,889.69. I have not read the detailed figures, but if the committee is interested and there is no objection I will place this tabulation in Hansard:

Statement re Canadian Government Annuities for Fiscal Years 1923-24 to 1934-35, Inclusive

Fiscal year:	Cost of advertising	Number of contracts issued	Receipts
1923-24	$21,915 65	409	$1,458,818 92
1924-25	19,922 94	486	1,606,822 03
1925-26	60 00	668	1,938,921 17
1926-27	9,361 89	503	1,894,885 29
1927-28	8,529 14	1,223	3,843,087 96
1928-29	5,203 91	1,328	4,272,418 87
1929-30	19,359 18	1,257	3,156,475 24
1930-31	27,388 12	1,772	3,612,233 88
1931-32	129 26	1,726	4,194,383 81
1932-33	836 85	1,375	3,547,345 03
1933-34	.....	2,412	7,071,439 00
1934-35	.....	3,931	13,376,400 02

Mr. HEAPS: What I would like to get from the minister is information as to the value of the annuities outstanding at the present time.

Mr. RHODES: The actuarial value?

Mr. HEAPS: No, the value of the annuities bought by the purchasers.

[Mr. Murphy.]

Mr. RHODES: Does my hon. friend mean the yield to the recipients?

Mr. HEAPS: Yes.

Mr. RHODES: The figure I have in mind is a little over two and a half million that we are paying out as yield.

Mr. HEAPS: Do I understand that the government are paying out two and a half million dollars per annum?

Mr. RHODES: That was the figure last year. No doubt it is larger this year, but I have not the amount.

Mr. HEAPS: Have we no idea of the gross value of the annuities purchased?

Mr. RHODES: The amount paid in I have given.

Mr. HEAPS: No, not the amount paid in. For instance, I might buy a $1,000 annuity; I would like to know the value of those annuities to-day, the amount in which the government is indebted to the purchasers at the present time.

Mr. RHODES: That question cannot be answered in the form in which it is put. Suppose an individual purchases an annuity, paying in a lump sum; if he dies the next year the annuity ceases and the amount paid in goes to the consolidated revenue fund. I can only give a figure which represents the amount of cash paid in and the amount which the government pays out to the annuitants in a given year.

Mr. HEAPS: That would not show whether the scheme is solvent or insolvent. Just before recess we were told that there was a loss of about $460,000 per year. Am I correct?

Mr. RHODES: I have stated that on an actuarial basis the annuities are not self-sustaining. It costs the country in the neighbourhood of $450,000 a year to carry these annuities, apart altogether from the cost of administration. But no doubt the fund is solvent; we must assume it is, because it has behind it the guarantee of the dominion treasury.

The hon. member for Weyburn (Mr. Young) put a question with respect to the division of the amount of $100,000 as mentioned in the item for administration of the hours of labour, weekly rest and minimum wages acts. At best, inasmuch as we are exploring new ground, it is only an estimate as to actual requirements. But the set up which enabled the department to arrive at that figure by way of estimate was as follows:

Three advisory officers with their necessary secretarial assistance, $25,000.
Officer in charge, $4,000.
Twelve inspectors at $2,100, $25,200.
One clerk, $1,800.
One stenographer, $900.
Travelling expenses of inspectors, say, $250 per month for twelve inspectors, $30,000.
Printing and stationery, $2,100.
Allowance and travelling expenses of committee members under section 4 of Bill No. 40, $10,000.
Sundries, $1,000—Total, $100,000.

Mr. YOUNG: My hon. friend said "at best." What does he mean? Does he mean that is the least or the most?

Mr. RHODES: My hon. friend may take his own interpretation. In dealing with a new piece of legislation, exploring a new field, at best the department can only make an estimate, and be guided by experience in future years.

Mr. YOUNG: I take it that this $100,000 is the least expenditure we shall ever make in the enforcement of these laws, that this amount will increase from year to year as the staff employed increases, and what is $100,000 to-day will be $200,000 next year, and before many years will be a million dollars.

Mr. POULIOT: Have any of the officers just mentioned by the minister been already appointed?

Mr. RHODES: I believe not.

Mr. POULIOT: In January it was very important to pass this legislation in order to have a new era, but up to the present, although six months have elapsed, no one has been appointed. The legislation has been passed for some time, and now we have estimates of salaries and so on. Either this legislation is important or it is not. If it is, the appointments should have been made a long time ago; if it is not, there should be no vote.

Mr. RHODES: If I mistake not, a part of the legislation was assented to only to-day. Certainly a government would be ill-advised to set up machinery to administer an act which is not yet law.

Mr. POULIOT: I see the minister's point; it is that it took such a long time to present that legislation to the house. The minister says it is just out of the oven; it took a long time to raise the dough.

Mr. EULER: If I might return for a moment to the matter of annuities, I gather from what the minister said that the purpose of cutting down the commissions was to discourage the sale of the higher annuities. I think the maximum is $1,200 or $1,400?

Mr. RHODES: It is $1,200.

Mr. EULER: At one time it was $5,000, and I think under the present government the maximum was cut to $1,200, which was a pretty substantial cut. Could the minister give any idea—perhaps he may not be able to answer now—as to the number of annuitants who have qualified for the $1,200 annuity? Is the number much in excess of those who take the smaller amounts?

Mr. RHODES: I am very sorry I have not the details, but I can get that information for my hon. friend.

Mr. HEAPS: Concerning the item for the enforcement of the Hours of Labour act, the Weekly Day of Rest Act and the Minimum Wage Act, it appears from what the minister has said that it is the intention of the government to appoint a staff of inspectors and others to enforce the legislation recently passed by this house. All the measures mentioned come to a certain extent under the jurisdiction of the provincial legislatures. I should like to see the officials appointed under these acts work in close cooperation, so far as that is possible, with the officials of the provincial governments. It would be most unfortunate if we should have within any province two sets of officials attempting to enforce similar legislation but working in opposite directions. I am sorry the Minister of Labour is not in his place to-night; he might be able to give the committee some idea as to how it is intended to appoint the officials contemplated by this vote and how they will go about their work. I do not know whether the minister who is now in charge of this item can give that information, but I should like to know if it is the intention of the Department of Labour to have these officials work as far as possible in conjunction with the officials of the provincial governments.

Mr. RHODES: My hon. friend will appreciate that I am not familiar with the details of the operation of this department; I have not had an opportunity of conferring with my colleague, nor do I know just what has been the practice of the department. But I have no hesitation in saying that I think it would be sound policy on the part of any government to work in the closest possible cooperation with provincial governments having officials dealing with matters in a similar field. I know that in the Department of Fisheries, while I happened to be head of that department, as well as in the Department of Finance, I have been at pains to endeavour to work in the closest cooperation with the officials of the provincial governments, and indeed with the provincial governments themselves, where our objects have been in common. I think I should be safe in saying that it will be the policy of the Department of Labour, where it can do so to the advantage of the common cause, to work in the closest possible cooperation with the officials of the various provincial administrations.

Mr. POULIOT: The government will accomplish marvels if they work in cooperation with the provinces in matters concerning which the provinces have exclusive jurisdiction. They will put their nose into the business of the provinces, and it will be a great mistake. They have nothing to do with this matter; it belongs to the provinces. The only thing to do is to urge the provinces to enact legislation such as this, if possible, by orderly compromise, and I for one do not believe much in that.

Mr. RHODES: I am sorry to differ with my hon. friend from Témiscouata. I may say to him that in the province from which he comes, to which the fisheries have been transferred, we work in the closest possible cooperation with the provincial government. Indeed, our officials not only exchange views, information and knowledge; on occasions when we could be of mutual assistance the province and the dominion have pooled their resources for the purpose of serving the Department of Fisheries of that province to greater advantage. I think it is all to the good that there should be the closest possible cooperation between the province and the dominion covering the common field.

Mr. POULIOT: Yes, but this is entirely different. I do not contend that there should be war between the federal and provincial governments; that is not my point of view at all. I am telling the committee that when one body, whether the dominion or the province, has exclusive jurisdiction the two bodies cannot cooperate because one has full power and only one can have full power. That is the contention I humbly submit to the committee. It is altogether different from cooperation in matters which may be considered from various viewpoints. For instance, the fisheries belonged to the dominion for a long time; they were transferred to the province of Quebec. Well and good; there must be cooperation to a certain extent between the dominion and the province. On the other hand it is entirely different to say that the dominion will take charge of something exclusively within the jurisdiction of the provinces, and that is what I am saying.

Mr. HEAPS: In reply to my hon. friend who has just spoken (Mr. Pouliot), may I say that it would not have been a bad thing at all if the federal government had maintained one or two fair wage officers in the province of Quebec, paid by the federal authority. The federal government let quite a large number of contracts in the province of Quebec, according to the evidence given before the price spreads committee, and if some of the fair wage provisions of those contracts had been enforced by the federal government certainly it would have done no harm to the province of Quebec.

Mr. POULIOT: I have just a word to say in reply to the hon. member for North Winnipeg (Mr. Heaps), and it is this: The hon. member for Témiscouata looked into the matter of minimum wages in this house long before the labour members from the west began to deal with it, and he pointed out a way to redress some wrongs with regard to wages a long time before my hon. friend and the members of his group took up the matter in this house. He did so because he knew the conditions that existed in that province. Here is the point: When my hon. friends of the Cooperative Commonwealth Federation group want something they want it by any means, whether it is right or wrong and whether or not it is done in the right way. They want it; they are just like children who want jam. This is not the right way. When we want something we must get it in the legal way in order that what we ask for may be endorsed by the courts should the occasion arise. If this government has no jurisdiction at all, when it sends inspectors to the province of Quebec, the province of Nova Scotia, the province of Manitoba, or the province of New Brunswick—I do not suppose that will happen now—to look after provincial business, the province may object and tell the inspectors to go back to Ottawa, that they have no business in that province. That is why it is so important to have this matter submitted to the Supreme Court of Canada in order that we may have some lead from the court in the matter. I do not object at all to the views expressed by my hon. friend the Minister of Finance, but this is altogether different. My hon. friend from North Winnipeg must remember that whatever we may put in any federal enactment with regard to minimum wages in practice is only applicable to the extent that it is sanctioned by the courts which have to interpret the laws of this country according to the constitution.

Item agreed to.

PENSIONS AND NATIONAL HEALTH

Salaries—departmental staff—further amount required, $30,000.

Mr. MACKENZIE KING: One or two members on this side who are also members of the committee that is sitting at the present time wish to discuss this item, as well as the two following items, and I was asked to have them held over if possible.

Item stands.

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 — further amount required, $4,860.
Public health engineering—further amount required, $3,665.

Mr. MITCHELL: The other day I noticed a statement in the press to the effect that a commission was to be appointed to consider the advisability of bringing in a national health insurance scheme, if I understood the item correctly. I should like to ask the minister if he can give the committee any information in that connection. I believe the statement was made to a meeting of druggists held in Ottawa not long ago.

Mr. SUTHERLAND: During the recess of parliament there convened in Ottawa a meeting of the ministers of health of the various provinces, and at that time it was considered that it would be desirable to appoint a royal commission to investigate health conditions in Canada. That was the opinion of the meeting of ministers and my personal opinion, and as a result a resolution was passed to that effect. I made a statement indicating that in the autumn such a commission would be appointed to go fully into health matters and to make representations as to the best way to carry out proposals for the general health of the country.

Mr. MITCHELL: Is it to be a one man commission, or one composed of the various interested parties?

Mr. SUTHERLAND: Although the details have not yet been arranged, undoubtedly it would not be a one man commission. When the time comes for the appointment the personnel will be carefully considered. I hold the view that representatives of labour and of other bodies should be on the commission.

Mr. NEILL: Will chemists be included?

Mr. SUTHERLAND: There has been no definite decision on those points.

Mr. MITCHELL: It would be best to have the cooperation of all those interested in such

a scheme. While I appreciate the fact that the minister has indicated labour will be represented, I would point out that druggists, the medical profession, and possibly people interested in hospitals should be represented. I can remember the difficulty experienced in Great Britain, and I believe it would be well in the formation of the commission to have representation from those people interested in or vitally affected by the development of such a scheme. I make that suggestion and also should like to congratulate them upon the step they intend taking.

Mr. POULIOT: Have we a health insurance commission or board of some kind?

Mr. SUTHERLAND: No, there is nothing of that kind.

Mr. POULIOT: That was promised by the Prime Minister in his January broadcasts.

Mr. MacINNIS: May I join the hon. member for East Hamilton (Mr. Mitchell) in congratulating the Minister of Pensions and National Health upon the conference of provincial ministers held during the Easter recess. There were three important developments, the first being the formation of a cabinet of health to be composed of the Minister of Health of the dominion and provincial ministers sitting in periodic conferences; second, the establishment of a royal commission, as already indicated by the minister, and, third, the formation of an advisory council on health, to be composed of various interested agencies. I believe that is what the hon. member for East Hamilton had in mind. May I congratulate the minister upon taking this very important step.

Item agreed to.

Grant to the Canadian Prisoners' Welfare Association, $500.

Mr. WOODSWORTH: I am not sure of the extent of the work of the Canadian Prisoners' Welfare Association, but I must say that $500 seems a very small amount, especially when we look farther down the list and find an item of $15,000 "to provide for the expenses in connection with the departure of the governor general and for the reception and installation of his successor." It seems to me that these two votes are out of proportion.

Mr. GUTHRIE: The sum of $500 appears, because that is the amount for which the Canadian Prisoners' Welfare Association asked.

Item agreed to.

[Mr. Mitchell.]

To provide for the administration of the Royal Canadian Mint—further amount required for equipment, $110,000.

Mr. EULER: I am curious to know whether the Minister of Finance has received complaints, as I have, with regard to what we call our five cent piece, to the effect that it is too large, too cumbersome, and not at all of a fine design. It is too near the size of the twenty-five cent piece. I have heard many criticisms of this coin, and I should like to know if the minister has ever considered changing it to something a little better and a little smaller.

Mr. RHODES: I have not had as many complaints with respect to size as I have respecting the design. I have no hesitation in expressing my personal opinion, for what it is worth, that our five cent piece is one of the most hideous coins in the world. I should like to see something more distinctly Canadian in design and something of which we could be proud.

Mr. EULER: And a little smaller, too.

Mr. RHODES: The difficulty in that respect has been that there are many slot machines, not of a gambling type, but used in various places for purposes of convenience, in telephone booths and so on. It would be decidedly inconvenient for tourists from the United States to have to substitute their coins for ours. I believe that was in the mind of the Minister of Finance who selected the present coin. At one time I had in mind a coin with a hole punched in the centre so that it would be lighter and more easily distinguished from the more valuable coin.

Mr. BEAUBIEN: A Chinese coin.

Mr. RHODES: Yes, quite so. Such a coin could easily be distinguished from the twenty-five cent piece. If our minds had not been so much engaged with other matters some designs might have been prepared and a coin issued in design similar to that of the new silver dollar, which I believe has artistic merit. It is distinctly Canadian in design, it is unique, and the comments we have received both as to design and execution have been uniformly favourable. I hope the day is not far distant when not only our five cent piece but the rest of our coinage may be more in keeping with the artistic tastes and ambitions of the Canadian people.

Mr. MACKENZIE KING: I would like to remind the minister that this is not the first time a minister has got into difficulty over a five cent piece.

Mr. POULIOT: If there is a hole in it it will be a picture of the reform program.

Mr. CHEVRIER: I notice the vote contains the expression "further amount required for equipment"; is the amount solely for equipment?

Mr. RHODES: Yes; I have the complete details, if the committee would like to have them.

Mr. CHEVRIER: No; I just wished to know if it was for equipment only.

Mr. RHODES: Yes. Much of the machinery in the mint is twenty years old. The major item is for what is known as Cottrell equipment. As a matter of fact there has been an escape of gases from the melting furnaces carrying precious metal to an extent of not less than 1,000 ounces of gold per year. We are putting in an apparatus which will wash the gases from the melting furnaces and it is guaranteed that we will recover not less than 1,000 ounces of gold per year. The net result will be that the whole expenditure will be covered in a little over three years' time.

Mr. REID: The minister has had a request for help from the silver association of British Columbia. I wonder if he has considered granting them some assistance. I have a second question. How many silver dollars have been issued to date?

Mr. RHODES: We have had several communications from the silver association of British Columbia, and we feel that we have made a start in our assistance to those who have special regard for silver. There have been issued up to the moment $284,000 worth of silver dollars. It has not begun to meet the demand, but there is a limiting factor. We have only one machine in the mint capable of being adapted to the striking of the dollar coin, and at the same time there has been a tremendously heavy demand for the five cent and one cent coins, arising largely from the fact that sales taxes and amusement taxes have been imposed in various provinces and the demand for small change has been enormous. Since there is no substitute in coinage or notes for these smaller coins we have had to give the preference to them as against the silver dollar, which is comparatively a luxury coin that can have a substitute in the form of a note. But as rapidly as the limiting factor to which I have referred is obviated we shall endeavour to meet the demand. I visited the mint this morning and they were striking dollar coins at the rate of sixty a minute.

Item agreed to.

To provide for salaries and expenses of the tariff board, including additional provision by reason of the increased jurisdiction under the Dominion Trade and Industry Act—further amount required, $200,000.

Mr. YOUNG: This vote is in addition to the amount that has already been provided. I take it that this is due to the new duties imposed on the board. Am I right?

Mr. RHODES: This will provide for additional expenditures in connection with the administration of the Dominion Trade and Industry Commission Act, and it will also cover the cost of investigations which are now taking place with regard to the automobile and gasoline trades, which are of a major character and have involved much heavier expenditures than could have been anticipated at the time the main estimates were submitted.

Mr. YOUNG: How much of this vote is required because of the new duties imposed on the board by constituting them a trade and industry commission?

Mr. RHODES: There is not an exact computation, but it is about half and half.

Mr. YOUNG: About $100,000. But that is only as regards what we might call the head office staff. What provision is being made for the staff of inspectors who will be employed by the board to go round to see that the commission's rulings are enforced?

Mr. RHODES: This will be the whole of the cost so far as we can make estimates for this year with respect to the activities of the board.

Mr. REID: Is it possible to get a copy of the report of the proceedings before the tariff board in Vancouver in the gasoline investigation?

Mr. RHODES: There would be no copy of the proceedings, in any event, under existing legislation. There will be a copy of the report when it is made to parliament.

Mr. MACKENZIE KING: I would point out that in the main estimates, item 230, we have already appropriated $120,000 to provide for salaries and expenses of the tariff board, payments to be made notwithstanding anything in the Civil Service Act or its regula-

tions. Now we are asked to vote $200,000 to provide for salaries and expenses of the tariff board, including additional provision by reason of the increased jurisdiction under the Dominion Trade and Industry Commission Act. I imagine that the government must have included this item in the supplementaries to replace the one in the main estimates; otherwise it would mean $320,000 to be asked for the tariff board.

Mr. RHODES: The auditing costs in connection with the gasoline and automobile investigations will run into very substantial figures which could not have been foreseen at the time the main estimates were brought down. It is a major inquiry involving heavy expenditures.

Mr. POULIOT: What is the difference between the duties now imposed on the tariff board, especially with respect to the investigation into the automobile and gasoline trades, and so on, and the tariff board as it existed in 1930 before the general elections? Is there any difference between the duties performed by the 1930 board and those which are performed by the board at the present time?

Mr. RHODES: If the board as it existed previously had undertaken a dominion-wide investigation involving the employment of auditors and a careful analysis of costs and accounting and an investigation of the books of these great industries, and moving about as it does, with heavy expenditures becoming necessary, I have no doubt that it would have cost as much as it does to-day.

Mr. POULIOT: I thank the hon. gentleman, but he has not answered my question. I tried to make it as lucid as possible. In 1930 there was a tariff board, as the hon. gentleman knows, and that board had certain duties to perform. Now there is another board which is supposed to be entirely different from the board as it was constituted in 1930. I should like to know whether the duties imposed this year on the new board are not exactly the same as the duties performed by the tariff board in 1930.

Mr. RHODES: I should not care to go into a comparative analysis of the respective merits of the old board and the new tariff board. It is true the legislation setting up these bodies differs in detail, but I still adhere to the original answer I gave the hon. gentleman, which I think is fair, namely, that any tariff board which carried out an investigation as exhaustive as the inquiry which has been going on in connection with the automobile and gasoline trades, necessitating heavy expenditures, would cost just as much.

Mr. POULIOT: My question was straight and direct, and the answer culd have been straight and direct—yes. In 1930 at the special session and during the session of 1931 we heard the Prime Minister telling about this great invention, the new tariff board, which was to do this and that. As the minister knows, it was appointed in February, 1933, but what happened in the meantime? No information was gathered from proper sources, as now, but the government went ahead and made changes in the tariff. Now they should be commended for the investigation being made by the tariff board, but it is too late; parliament will soon be prorogued, and all the legislation from 1930 to 1933 was passed without proper information because the government changed the situation with regard to the tariff board. And now, after the failure of their experiments, they see that the Liberal policy was right and they are trying to go back to it. But it is too late.

Mr. MACKENZIE KING: I am afraid there will be considerable confusion in the accounts of this body. At one stage it will be known as the tariff board and at another stage it will be known as the dominion trade and industry commission. How are these two bodies to be distinguished? The trade and industry commission is under the tariff board, the chairman of the tariff board being also chairman of the commission. It seems to me there ought to be some distinction between the accounts of these two bodies.

Mr. RHODES: I have not had an opportunity to discuss the matter with the chairman of the tariff board, because before he went away I was ill, and he has been away for some little time in connection with the automobile and gasoline investigations. There will however be little question with regard to the accounts; there is no doubt that the accounts will show the respective activities of the two bodies. It is purely a question of accounting as to whether it relates to the sittings of the tariff board or to the sittings of the trade and industry commission.

Mr. MACKENZIE KING: I suppose we will have to let the matter pass with that somewhat lame excuse. I do not think the absence of any one should be accepted by the committee as the reason for the government not being able to give an explanation.

Mr. RHODES: I beg my right hon. friend's pardon. I would have discussed the details of this very fully with the chairman in order to give a complete answer, but I think my answer is a fair one. It is purely a matter of accounting.

Mr. MACKENZIE KING: What I want to stress at the moment is that in the next parliament there will be considerable interest as to what the social legislation passed by this government is costing. It is important that accounts should be separate and distinct.

Mr. RHODES: I quite agree.

Mr. MACKENZIE KING: If it is understood that this vote is for the tariff board and the trade and industry commission, it should be further understood that the actual statement given to this house of the expenditures should distinguish, in amounts paid out, as between the two bodies. If that is understood, we will let the item pass.

Mr. RHODES: I quite agree with my right hon. friend.

Item agreed to.

To provide for the expenses in connection with the silver jubilee of King George V, including allowances for extra work and overtime, subject to the approval of the treasury board, $19,500.

Mr. REID: Will this vote cover payments to full time officials of the government?

Mr. CAHAN: Arrangements for this jubilee required considerable night work and clerical assistance was obtained from other departments. I am proposing that the treasury board shall have the right to appropriate $500 as gratuities to those employees temporarily taken over from other departments for this work after their own work had been completed.

Sir EUGENE FISET: The minister is creating a precedent. In the past any gratuity or emolument paid to anyone receiving a regular salary was shown with the name of the person receiving the payment. This $15,000 is to be paid out by the treasury board to officials already in receipt of regular salaries.

Mr. RHODES: Without discussing the merits of this practice, I would say to the hon. member for Rimouski (Sir Eugène Fiset) that I can give him a number of instances under the regime of my right hon. friend where a similar procedure was followed. I agree with him that it is preferable that the name should be shown, but the practice followed in this instance is by no means new.

Mr. POULIOT: Were there any anonymous workers?

Mr. MACKENZIE KING: The Secretary of State put in considerable overtime on this matter; will he not get anything extra?

Mr. CAHAN: I have done a great deal of extra work during the past five years, but I am not asking for any gratuities. I believe it was necessary to have some twelve or fourteen temporary employees appointed by the civil service commission, and it was also necessary to have temporary assistance from some of the other departments. The extra appropriation for the temporary employees and those brought in from the other departments is only $500, so the amount to each will not be more than $20 or $25.

Sir EUGENE FISET: I am not criticizing the vote; I am criticizing the manner in which it is being expended.

Mr. CAHAN: My hon. friend has suggested that there is no precedent, but there have been a number.

Sir EUGENE FISET: I have never seen them.

Item agreed to.

To provide for salaries and expenses of the bureau for translations—further amount required, $22,735.

Mr. CHEVRIER: Does this vote represent the economies which were to be effected by the creation of this new bureau?

Mr. CAHAN: My hon. friend is rather satirical. The work of this bureau has increased enormously. I cannot remember a session of parliament when there was so much work in the way of translations. It must be remembered that the evidence and report of the price spreads commission involved a large amount of work. For instance, the translation required 5,400 printed pages, while the type for both editions of the report weighed 46 tons. I thought it unfair to impose all this extra translation work upon men who were working under a strain at times, and I asked the civil service commission to make a recommendation to the treasury board for temporary assistance. I can give my hon. friend all the details of this item if he desires.

Mr. CHEVRIER: I am not concerned with the details. In connection with the previous vote the minister stated that it was to cover remuneration for extra work, and I should like to know if any portion of this vote will go to the translators for the extra work they have done.

Mr. CAHAN: This vote is to provide the additional translation services which were necessary to take care of the extra work. In this connection I should like to refer to a question asked on June 12 by the hon. member for L'Islet (Mr. Fafard). This question reads:

Does the government intend to have a French translation made of bulletin No. 72: "Birds of Canada," by P. A. Taverner, also memoranda numbers 126: "Botanical Exploration of the North Shore of the St. Lawrence," by H. St. John; 146: "Retreat of the Last Ice-Sheet in Eastern Canada," by Ernest Antevs; 154: "Geology of Anticosti Island," by Twenhofel; 162: "Peat Bogs in Southeastern Canada," by Vaino Auer?

I replied that the translation of such departmental bulletins was within the discretion of the department issuing the bulletin and that up to date we had received no requests for the translation of the documents referred to. Before making my answer I inquired of the bureau for translations and I was told that they had received no requests for the translation of these documents. I had thought that possibly under the stress of translation work these might have been overlooked. After making that reply, on June 14 one of the journals passed a very severe stricture upon the Secretary of State for making a reply such as he did, but I believe its article was due to a complete misunderstanding of the facts. For instance, bulletin or memoir No. 126 by Harold St. John, on Botanical Explorations of the North Shore of the St. Lawrence, was, I find on inquiry, published by the director of the Department of the Victoria Memorial Museum on March 25, 1922, and it has been distributed since that date. No translation of this memoir into French has been published. I do not conceive it to be my duty at the present time to go back for fourteen years in order to look over all the bulletins to find out whether or not they have been translated into French. Bulletin or memoir No. 146, by Ernest Antevs, on the Retreat of the Last Ice-Sheet in Eastern Canada, was published in 1925 by the director of the geological survey of the Department of Mines, and no translation was made into French. Of course I have not been going back into all these memoirs, of which there are hundreds, to find out whether, antecedent to the formation of the bureau of translation, they were translated. The same may be said of bulletin or memoir No. 154, on the Geology of Anticosti Island by W. H. Twenhofel, which was published by the director of the geological survey of the Department of Mines in 1928. No translation of this into French has yet been made, and there has been no demand for one. Bulletin or memoir No. 162 by Vaino Auer, on Peat Bogs in Southeastern Canada, was published in English alone as a bulletin prior to the formation of this government.

There is one point however to which attention might be given. There has recently been published by the acting director of the National Museum of Canada bulletin No. 72 on Birds of Canada by P. A. Taverner which has just been issued to the public and is now available in English at the price of $2 per volume if requests are made either to the Department of Mines or to the Department of Public Printing and Stationery. No request has yet reached the Department of the Secretary of State with regard to the translation of that bulletin into French. I can well understand a suggestion being made in the French journals that it should be translated into French, but upon inquiry I find that the decision whether that bulletin will be translated and published in French will depend to a considerable extent upon the probable demand for a French edition. So far there has been no special demand, due probably to the fact that in 1922 there was published by the director of the geological survey a splendid edition in French, which is still available, of Mr. Taverner's memoire No. 104, Les Oisseaux de l'est du Canada, which reached a second edition in that year, and which largely forms the basis of the English edition which was published this year. Moreover in connection with this recent English edition now available there has been provided an index in the French language as well as in English with the idea that those who wish to make cross references to the two volumes might readily do so. But if there is any considerable demand for a French edition of this later work, which includes not only the birds of eastern Canada but some birds of western Canada as well, I have no doubt, the Minister of Mines will ask for an appropriation for its publication. The minister has been absent for a few days, and since this question arose I have not had an opportunity of speaking to him. I did speak to him when it came out in English just a few weeks ago, and he told me that he thought an edition of it in French might be required. But upon investigation the fact appears that those two French editions of the same author's work on the birds of eastern Canada have largely gone to the province of Quebec for study there. If there is any considerable demand for a French edition of Mr. Taverner's recent work, though it is a very expensive one, I have no doubt the wishes of my French Canadian col-

leagues would receive favourable consideration. I thought I would like to make that statement for fear there might be some misunderstanding in regard to the matter.

Mr. CHEVRIER: I do not intend to continue the discussion on that point because I do not think this is the proper time for it, but may I say that in the Department of Mines there are many most interesting publications in English. A large proportion of the population of Canada feels, and I think quite properly so, if a work is important enough to be published in English, it ought to be sufficiently important to be published in French. I am not unmindful however of the fact that French translations of many of those publications are not asked for, but that portion of the population nevertheless takes the attitude—and I think it is a proper one—that if financial conditions permit, one should not even have to ask for or to insist upon a French edition, but that both editions should be published concurrently. If a publication in English is important enough to be distributed throughout foreign countries in universities and museums, it should be important enough to be distributed in French. Probably when the proper time comes to discuss that question, I shall speak at greater length. I just wanted to make these remarks at the moment.

Mr. CAHAN: My hon. friend will, I am sure, agree with me that this is not my duty as the minister having charge of the bureau for translations. The bureau for translations is prepared to do its work, but it is for the national museum, the Geological survey or others to ask for the necessary appropriations for publications and to request officially that a translation be made.

Mr. POULIOT: May I tell the Secretary of State that a great mistake made last year was in not paying attention to my colleague, the senior member for Ottawa (Mr. Chevrier), who had a wonderful plan to submit to my hon. friend with regard to translations. Had the minister been more conciliatory at that time, he would have received excellent suggestions from the senior member for Ottawa.

Mr. CAHAN: I thought the Secretary of State was one of the most conciliatory members of the house.

Mr. McKENZIE (Assiniboia): In connection with this item of $22,735 to provide for salaries and expenses of the bureau for translations, further amount required, the the Secretary of State mentioned that this was due partly to the price spreads investigation. It would be interesting to some of us to know just the total cost to the country of that investigation. It is cropping up here and there, and we have no idea what the total cost has been. I wonder whether the Secretary of State or some other member of the government would undertake to give us the full details.

Mr. CAHAN: I cannot give those details. They are not in the Department of the Secretary of State; they would have to be gathered from several departments, and I am afraid the time is a little late for that.

Mr. McKENZIE (Assiniboia): It is of importance that the people of the country should know just what the price spreads investigation has cost, particularly because it has been such a washout so far as legislation is concerned.

Mr. POULIOT: Not only that, but we must know where to put the report. It is so tremendous that one needs a special room to put it in and it serves no purpose, it is no good.

Item agreed to.

Chief electoral officer—salaries and contingencies of office—further amount required, $40,000.

Mr. CAHAN: This is a new item. At previous general elections such expenses as the salaries of temporary employees, printing, stationery, et cetera in connection with approaching general elections were charged to elections and paid out of the consolidated revenue fund. But the comptroller of the treasury has recently ruled that they are not properly chargeable to election expenses as such and must be paid out of some special appropriation provided in the estimates. We have no appropriation in the estimates except the ordinary contingency fund of the chief electoral officer. Therefore in order to comply with the requirements of the treasury department I have asked that this sum of $40,000 be provided for this purpose.

Mr. MACKENZIE KING: When do these general election expenses begin?

Mr. CAHAN: So far as I am concerned the sooner they begin the better.

Mr. NEILL: There is a matter I should like to bring to the attention of the minister, which ought to be remedied under this vote, even if we have to increase the amount. Last fall the list was made up of people

entitled to vote. Each member of parliament and certain other people were given, I think, three copies, either typewritten or handwritten, of the list as made up at that date.

Mr. CAHAN: I did not know that.

Mr. NEILL: Well, they were. It was, of course, of great value. One of the first essentials of an election is to get on the list, and the second is to know whether you are on or not. Some months later, after the lists had been printed, we each got twenty-one copies of the list of each polling division. Up to that date we knew exactly where we were. When a man came to me and asked if he were on the list I could tell him. Now we have had a revision, which is just completed, and according to the advice I get from the department I have no means of knowing whether I am on the list or not, whether I am qualified to be a candidate or not, because to be a candidate one must be on some list. The procedure to be adopted apparently is that we are to be furnished with no list when the revision is completed but after the revised list is printed we will get the twenty-one copies as before. Those lists may be furnished to us perhaps a week before the election.

Mr. CAHAN: Oh, no.

Mr. NEILL: It may well be; and in scattered country districts it will be impossible to get those lists out to the polling stations in time. As I said, one of the first essentials is to know who is on the list and who is not. A man is entitled to know whether he is on or not. Under the plan that apparently has been adopted, or the regulations, it is not possible, unless by the courtesy of the registrar who may tell me, perhaps illegally, that I am on, for me to know whether I am on or anyone else is. I suggest the procedure should be followed that was followed last fall, that every member of parliament and others who are entitled to get it should be furnished with, say, two copies, typewritten or handwritten—it would suffice if they were only of the corrections. We want to know the people who have been added and those who have been struck off, and we want to know it soon after the revision is complete. It will be grossly unfair to a great many people if they have to guess whether they are on the list. We should get two copies, one for our own use and one to send to our representative in each polling station. I think the house will see the need for that, especially in the country. The cost would not be great, especially if it were limited to the corrections; let us take the expense of correcting our lists ourselves.

[Mr. Neill.]

Mr. CAHAN: The typewritten lists which were given out, to which the hon. member refers, were not given out by the dominion franchise commissioner. Each registrar was instructed to give information to each candidate with regard to the preparation of the lists. I have no doubt that the registrar in the district which my hon. friend represents prepared for him these copies—

Mr. NEILL: He was compelled to do it by law.

Mr. CAHAN: I know no such law. I think it was done simply as a matter of courtesy.

Mr. NEILL: No, pardon me; it was done by law—it is part of the act.

Mr. CAHAN: Then the same law will probably apply—

Mr. NEILL: No; I am advised by the head of the department that that is not to be the rule, and that is what I am kicking about. I shall be perfectly satisfied if the same system is to be carried out as was carried out before, not by courtesy of any individual but by law, but I have been advised by the head of the department that the law is that we are not to be given any lists until they are printed, and they may not be available until perhaps within a week of the election.

Mr. CAHAN: If my hon. friend will see that the electoral lists from his district are sent in in proper time, they should arrive by the tenth of July, and if so they will certainly be printed by the fifteenth or twentieth.

Mr. NEILL: Of July?

Mr. CAHAN: Yes, certainly, July. We have on the lists of last year—they say I carry these figures about with me for the convenience of the leader of the opposition—5,800,000 names. Those names are all in type. We have on hand 350 tons of type for these names. The suggestion has been made by some newspaper correspondents that there are 250,000 new voters coming on the lists. I doubt that very much, but suppose there are 250,000 coming on and 250,000 removals and changes. I am told that the changes in the country districts are limited chiefly to those who have passed from this earthly sphere, and they are not numerous.

Mr. YOUNG: And some are coming of age.

Mr. CAHAN: We have a well organized printing establishment; I think it is the best organized and most efficient anywhere in Canada. When we were printing these names, working sometimes the whole twenty-four hours in order to comply with the wishes of

the right hon. leader of the opposition and enable me to fulfil my promises to him, we printed 100,000 a day. So far as printing the new lists, is concerned, if we get the names in, setting the new lines on the linotype for 500,000 names will be done in ten days. This talk in the newspapers about the election being long delayed because of delay in the printing bureau is due to the imaginative qualities of some newspaper correspondents.

Mr. NEILL: If that statement is correct—of course I do not doubt the hon. gentleman's veracity—and he is able to deliver the goods, my complaint falls to the ground. I do not like to say it when he is absent, but I think the Prime Minister himself said it would be late in September before these lists could be printed.

Mr. CAHAN: There is no possibility now at this late stage of changing the law to which the hon. member refers. But the dominion franchise officer is an officer of this house and reports to the house and the government through the Secretary of State. I shall therefore take the earliest opportunity of consulting him, and suggesting that instructions be given that every facility be granted to candidates or prospective candidates to obtain the former printed lists, with such corrections as have been made, for use in their preliminary work in connection with the election.

Mr. GRAY: The hon. member for Comox-Alberni has raised what in my opinion is a very important question. From the remarks of the Secretary of State I take it that the same procedure will be followed that was adopted by the registrars in our various ridings when the enumerators completed their lists, in other words that we will receive not a printed but a typewrtten list of the names added in the revision that has been going on since April 1. That is, the list will show the names struck off during the month of April, the names added during May and June, the names transferred and matters of that kind. Will all members and defeated candidates receive typewritten copies immediately the revising officers report to the dominion franchise commissioner at Ottawa? Will the same procedure be followed that was followed during the preparation of the lists in 1934; is that what I understand?

Mr. CAHAN: What I have said is this: The dominion franchise officer is an officer of this house, and those registrars who are appointed by him are also officers of this house. I will convey to the dominion franchise commissioner the view that has been expressed as being the general view of the house, and I have no doubt that the suggestion will be carried into effect.

Mr. NEILL: Let me tell the hon. member for West Lambton that I can answer his question better than the minister can answer it, apparently. I have in my possession a letter from the head of the department, dated within the last two days, stating exactly what I have said, that we will not get the lists for which my hon. friend has asked but that we will have to wait until they are all printed. The minister says that can be done by July 20. If that can be done it will be entirely satisfactory, but I beg leave to express doubt as to that. I certainly have that letter, in which I am told that the revised lists will not be furnished, as they were last fall, but that we will have to wait until they are all printed, which in some constituencies may mean a delay of months.

Mr. GRAY: That is exactly what I understood, and I object very strongly. When that list is eventually printed the names that have been added will simply appear in alphabetical or geographical order, and unless one has an organization as efficient as the Secretary of State has in the riding of St. Lawrence-St. George one will not be able to tell exactly what names have been added. I strenuously object; if I have to hunt out the names that have been added I cannot possibly see them all in a week or ten days and convert them to the proper way of thinking. I want to know what names have been added to the list in this revision, and I think every member, every defeated candidate and every nominated candidate is entitled to that information. As I understand it, that is all the hon. member for Comox-Alberni desires, and I think that is all any hon. member desires. I think in fairness we are entitled to know what names have been added, what names have been transferred and what names have been struck off the list since the establishment of the basic list in 1934. As I understand it the Secretary of State simply says that we will be given a list, and if we have efficient organizations we will be able to check off those who were on the list in 1934, so we will know what names have been added since that time. Surely the hon. gentleman sees the point we are urging. Surely it would be a very simple matter to have extra copies made when reporting to the franchise commissioner. It is not too late; the revision does not close until to-morrow, so it should

be a simple matter to strike an extra copy or two. If the Secretary of State will say that he will so instruct the franchise commissioner—

Mr. CAHAN: He is not under my instructions.

Mr. GRAY: I am sorry, because I feel sure the Secretary of State would do so. In view of the fact that the hon. gentleman has expressed the feeling that the franchise commissioner would follow a suggestion made by the house I again urge that when the revising officers report to the franchise commissioner they send a copy to the candidate, and I think that will meet the situation.

Mr. MACKENZIE KING: May I ask the Secretary of State if it would not be possible for some member of the ministry to bring this request to the attention of the franchise commissioner?

Mr. CAHAN: I offered to do so.

Mr. MACKENZIE KING: Then if my hon. friend will do that I think he will meet the situation.

Mr. POULIOT: There is more to it than that. Some names have been struck off and others added to the basic list that has been supplied to us. May I ask the Secretary of State if a new basic list will be printed, without the names that have been struck off and with the names that have been added, and if each member will be supplied with twenty-one copies of that list, or whether we shall receive only a partial list containing the names that have been struck off on the one hand and those that have been added on the other?

Mr. CAHAN: As I understand the law, and I am speaking from memory, as a retiring member of this house my hon. friend is entitled to receive twenty-one copies of the new print, and certainly he will receive them. The commissioner will do that; under the law it is his duty to do that. I understand further, though I may be mistaken, that the procedure followed will be for each registrar to send to the dominion franchise commissioner the old basic list, that is the list anterior to May 20 of this year. Through those names struck off a line will be drawn; for those names added new lines will be inserted. When the commissioner approves that list one copy will be sent to the printing bureau for the revision of the list in the composition room, and that will be carried out. I think it would meet the desire of my hon. friend from Comox-Alberni if the registrar were instructed to give each member who desired it a copy of the revised list which he sends in to the dominion franchise commissioner.

Mr. NEILL: Two copies.

Mr. CAHAN: Well, I will suggest to the dominion franchise commissioner that this appears to be the view of the house. That is as far as I can go. It would be a very delicate matter for me to interfere, but I will convey to him the view of the house.

Mr. MACKENZIE KING: I am sure if the Secretary of State does that the franchise officer will be only too ready to meet the wishes of the hon. members of the house.

Mr. POULIOT: Before the item is carried, may I ask the minister the cost of preparing the lists for the last general election, and what will be the cost in the present year, including the cost of printing and purchasing those tons of lead for galleys?

Mr. CAHAN: I cannot answer that. Those matters do not come under my department, and I have no charge of such expenditures in any way, shape or form. I have charge of the printing, in connection with which I have made full returns to the house which are available to the hon. member. As to the printing of the lists for the last election, the house is fully informed. I cannot give any other information because it does not come under my department.

Mr. POULIOT: The minister states that the house is fully informed. He tells us nothing; how can we know? The lists were prepared in a certain way to effect economies, and now the minister cannot tell us what economies have been made. I remember distinctly that when the minister rose to submit certain legislation he said, "Here, we will save money this way." I ask him now, how did you save money that way; if the records are in the house, look after them.

Mr. CAHAN: The hon. member is evidently suffering from an hallucination induced by the exuberance of his own imagination. I made no such statement to the house. In the statement I made I dealt only with the cost of composition and printing.

Mr. POULIOT: I am not a somnambulist, and I am not dreaming; I remember what was said, and you must remember it yourself. We heard about saving money; I heard it, I think

every hon. member heard it, and it is printed in Hansard. That is the reason the lists were made in a certain way. The legislation providing for the manner of preparing the lists was absurd. It has taken too much material; it has taken a long time, and not only that, the names are wrongly printed. The collection of the galleys has been badly done. Further, there will be a waste of paper because of revision of lists and because the government has waited too long to bring on the election. When I support the rights of the people and the policy of economy the minister states that I am suffering from hallucinations. Is he not ashamed of himself when he speaks that way? Did I ever go back to Lord Atholstan to receive my instructions? Never. Perhaps the one who went there suffered from hallucinations, and perhaps the one who suffered from hallucinations was the one who told the house that there would be economies when in fact there is such a waste that he cannot afford to tell the amounts to the committee. He does not give us the information, but simply tells us about the huge quantity of lead. Is it 5,000 or 50,000 tons? The building might crumble. It is like a mine; it should be picketed.

Item agreed to.

To provide necessities for George Black, M.P., $500.

Mr. HEAPS: I should like to know as a matter of information if in these circumstances an hon. member would receive his full indemnity?

Mr. RHODES: As has obtained in every session, a sum has been provided in the estimates allocated to hon. members who are passing through illness. In this instance I have no doubt the treasury board will take the usual course.

Mr. HEAPS: Do I understand that in this instance the hon. member will receive his full indemnity?

Mr. RHODES: I would expect that full indemnity would be provided for the dependents of the hon. member. This item has to do with hospital necessities.

Item agreed to.

Expenses of wheat advisory committee for 1935, Canada's assessment, $1,955.

Mr. YOUNG: Is this the committee which advised the government in drawing up the wheat agreement we heard so much about a few years ago?

Mr. MACKENZIE KING: I should like this item to stand.

Item stands.

Grant to the committee on arrangements for the meeting of the national conference of social work, 1935, $3,000.

Mr. MACKENZIE KING: Is this a conference called by the government?

Mr. RHODES: I shall see if I have a memorandum in connection with it.

Mr. GUTHRIE: I believe the item has to do with the international conference held in Montreal last week.

Mr. MACKENZIE KING: All right.

Item agreed to.

Loan to the Halifax harbour commissioners with interest at a rate to be fixed by the governor in council, for such period and upon such terms and conditions as the governor in council may determine, to retire the obligation incurred in connection with settlement of the claims of J. P. Porter & Sons, Limited, $118,985.80.

Mr. HEAPS: What was the claim in this instance?

Mr. DURANLEAU: In connection with the completion of the construction of one of the piers at the ocean terminals at Halifax certain difficulties arose between the commission and the contractor. The contract was awarded in 1929 by the previous administration, and the company had a claim against the commission of $521,025.59 for additional quantities at contract rates and extra work for which no contract rates had been stated. A lawsuit was instituted against the commission. Last year I thought it would be in the interests of the public to have a settlement made. The matter was studied thoroughly by our engineers and eventually they made the report that if the company was willing to accept $105,235.20 it would be in the public interest to pay that amount.

Mr. HEAPS: Was that the engineers' report?

Mr. DURANLEAU: Yes, the engineers' report.

Mr. HEAPS: Did you obtain a legal opinion?

Mr. DURANLEAU: It was an engineering matter.

Mr. HEAPS: Was not a question of law involved?

Mr. DURANLEAU: Of course some question of law would be involved. It was done after reports were duly received from the engineers, and I am not sure whether or not the legal department has considered the matter.

However, we thought that under the circumstances it would be better to settle than to attempt to defend a claim of more than $521,000.

Mr. HEAPS: Why did the company put all the extra material into the work? Who gave them authority to do that?

Mr. DURANLEAU: It was not extra material; it was a difference in measurements made by our engineers in Halifax and those made by the engineers of the contractor. The main amount was for that difference. Our engineer was Mr. MacDonald who as hon. members are aware is now living in England. With the help of two other engineers we went over the figures, measurements and so on and finally they made a report that a settlement in the amount named in the vote would be in the interest of the department.

Mr. HEAPS: How did it come about that there was this great discrepancy between the figures of the government engineers and those of the contractors? A final claim of $500,000 is enormous.

Mr. DURANLEAU: This contract was for a very large amount.

Mr. HEAPS: How much?

Mr. DURANLEAU: I have not the figure before me, but I believe it was between two and a half and three million dollars.

Mr. HEAPS: If it was two million dollars there was a difference of twenty-five per cent in the amount of yardage as between the engineers of the government and the contractors.

Mr. DURANLEAU: It was not all yardage. There was a claim for extra work; the foundation was deeper than had been expected. There are a good many details in the company's claims, and the ultimate claim would have been a great deal more, so that we thought it was in the interests of the department to make the settlement after the engineers had so reported.

Mr. RHODES: Perhaps I may be allowed to say a word; I happen to have some knowledge of the item, having been at pains to make particular inquiry regarding it. As a result of a contract entered into some years ago in connection with Halifax harbour, J. P. Porter and Sons were paid in the neighbourhood of $3,600,000 for contract work. On the completion of the work there was a difference of opinion between the engineers of the government and those of the company with respect to measurement. There was no quarrel as to prices or terms.

Mr. HEAPS: On what basis was the contract let?

Mr. RHODES: On a yardage basis—measurement. It was not for a fixed sum. The company made a claim for something like $500,000; I believe it was in excess of that. It is not uncommon, in fact it is a very common experience, to have a minimum variation of ten per cent in a firm contract price and a larger variation in connection with measurement prices. This settlement is much less than ten per cent, and I had the fear myself—I wish to take the full responsibility so far as I am personally concerned—that if action were brought by the contractors they would succeed, and instead of a settlement of $118,000 they would be paid a much larger sum. Inasmuch as it was passed upon and approved by two independent engineers selected by the department, men of high repute who made the finding that this would be a fair settlement, and seeing that the contractors agreed to take it, I have no hesitation in saying that in the public interest we were wise in settling the claim and closing for this sum the contract with respect to this particular piece of construction.

Mr. REID: Are the harbour commissioners of Halifax and Quebec meeting interest on loans?

Mr. DURANLEAU: From the government?

Mr. REID: Yes.

Mr. DURANLEAU: No.

Item agreed to.

Compassionate grant to Joseph Wilson, Halifax, $7,500.

Mr. MACKENZIE (Vancouver): What is the explanation of this item?

Mr. GUTHRIE: I understand what the item is, but I do not know that I am the one to explain it. It is a compromise on a judgment which was obtained in a suit by Joseph Wilson against a member of the Royal Canadian Mounted Police. The judgment was something like $12,500. The incident arose in this way. A bullet was fired from the pistol of a mounted policeman who was performing his duty, watching for rum runners in Nova Scotia. A car was ordered to stop at night and did not do so, and on the running board there was a man who was not engaged as one of the rum runners, but had been trying to fix the car, which had broken down. When the car would not stop the policeman fired, and instead of hitting the occupants the bullet hit the man who was on the running board. He was hit in the

head and very seriously wounded. Action was brought against the crown, but of course the action did not lie against the crown and judgment was given against the individual member of the police force. The man has been very seriously injured, in all probability for life. It is a question whether his mentality will ever be restored, and this represents a settlement of the action in which he recovered judgment for $12,500 damages, and which of course he cannot recover against the individual.

Item agreed to.

Compassionate grant to Captain Aimé Dion, Montmagny, P.Q., $7,500.

Mr. GUTHRIE: This is a most unfortunate matter. It is another claim for damages by reason of the action of a member of the Royal Canadian Mounted Police who seemed suddenly to have become mentally deranged. There was a boat belonging to the forest reserve of the provincial government and which was going down the St. Lawrence. It was directed to call at a certain wharf for the purpose of delivering a summons that had to be served. When the forest reserve boat landed at the wharf, where there is a detachment of mounted police, a member of the force named Duranleau boarded the boat immediately, drew his pistol and charged the boat with having contraband liquor. He did not give the captain time to explain at all but drew his revolver and fired three or four bullets into him. It was seen at the time that the policeman was not in normal condition; some people thought he was intoxicated. He was promptly arrested and put in prison, and in due course brought to trial, but at the trial he was found not guilty on the ground of insanity, and is now confined in one of the provincial asylums. The unfortunate captain of the boat was very seriously injured, probably maimed for life. He has been in hospital for twenty-three months and it is doubtful whether he will ever recover the use of one of his limbs into which three bullets entered. His hospital and medical bill now exceeds $3,000, and his wages, which he has lost, $1,500. He has presented a claim for $10,000 additional for damages. Settlement has been offered in the sum of $7,500, which his representatives are prepared to accept.

Item agreed to.

To provide for payments of interest under, and to hereby approve of the terms and conditions of orders in council P.C. 1462 and P.C. 1533 of June 7, 1935, respecting orders of steel rails for the Canadian National Railway Company, $30,000.

Mr. EULER: Will the minister explain this?

Mr. RHODES: It will be recalled that a provision was made whereby contracts could be entered into to provide equipment, rails and rolling stock for the Canadian National Railways and the Canadian Pacific Railway. This vote is to provide for the interest carrying charges which the government may be called upon to pay as a result of that agreement.

Mr. EULER: To the banks?

Mr. RHODES: The provision was that the government would carry the interest upon the money invested by the companies in the purchase of equipment up to a given date. This is to provide for the interest for this year.

Item agreed to.

To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases and to authorize payment of the salary of any employee, who is made permanent, from the appropriation under which his salary as a temporary employee has been provided—further amount required, $1,000,000.

Mr. CHEVRIER: Will the minister kindly explain the words, "subject to the approval of the treasury board"? I should like to know what reclassifications and increases are contemplated and in what manner they will be effected.

Mr. RHODES: It is estimated that the statutory increases will require $750,000, and the balance of $250,000 will provide for other increases, reclassifications and promotions which may be effected as a result of regulations to be laid down by the treasury board.

Mr. CHEVRIER: Am I right in assuming that increases and promotions will be left entirely in the hands of the treasury board?

Mr. RHODES: Subject to regulations which will be provided by order in council.

Mr. CHEVRIER: This will be a complete departure from the procedure which obtained hitherto when promotions and increases were recommended by the civil service commission after investigation, or by recommendation of a deputy head, certified by the head of a department and ratified by the treasury board. The civil service commission is to be eliminated completely in connection with reclassifications, which term is used instead of promotions. The civil service commission is to be eliminated also in connection with increases.

Mr. RHODES: No, that is not right. There will be some variation in the practice which has obtained hitherto, but there is every reason to expect that when the regulations are promulgated they will prove generally satisfactory to the service.

Mr. CHEVRIER: I do not intend to enter into a lengthy controversy with the Minister of Finance, but I am satisfied that all the work which was done previously by the civil service commission in connection with promotions and increases will be taken away from the commission and placed within the exclusive jurisdiction of the treasury board. The minister states that the statutory increases will require something like $750,000, and I should like to know if he means that everyone entitled to an increase is to receive one. The Prime Minister made it quite plain the other day that hereafter promotions would be made and increases given for merit and efficiency only. That is not a departure from the previous procedure because the Civil Service Act states that statutory increases are made for meritorious and efficient work and granted upon recommendation of the deputy head, certified by the minister and approved by the commission subject to ratification by the treasury board. I am afraid that the civil service commission is to be left out of things. The deputy head will choose his pets and make recommendations to the treasury board which will probably be sanctioned.

The civil service commission is there for a particular purpose and we either need it or we do not need it. If the government is honest in its purpose, why does it not say that the civil service commission should be abolished? All during this session we have had departures from the provisions of the Civil Service Act, and the estimates are replete with promotions made outside the provisions of that act. I am not quarrelling with those who have been fortunate enough to receive promotions, but the fact remains that there has been a tremendous amount of discrimination in these matters. I am sure that the promotions and increases which have been made would have been given to others had the civil service commission been handling the matter. I protest most vigorously against this departure from the provisions of the Civil Service Act. The Civil Service Act is on the statute book, and I resent the insinuation that heretofore a large number of promotions and increases have been given to those who did not deserve them and that hereafter only those who are entitled to them will receive them. I noticed an article in the press which I am afraid has created a wrong impression. An official of the Department of Finance was asked if these would be statutory increases, and he said that they would not be automatic, they would be given for efficiency. That is the way the statute reads. He continued and stated that the government believes in efficiency and businesslike methods, so that the increases will be given entirely on merit. The insinuation there is that the increases and promotions of the past were not based on merit, but were purely automatic. That is not a fair statement. I do not want to prolong the discussion, but I would point this out to the minister: in the session of 1932, I think it was, when the ten per cent deductions were made, I indicated to him—and he realized the importance of the statement I made then—that when the deductions were to be terminated, steps should be taken not only to compensate the employees for the injury suffered by reason of the ten per cent deduction during the years it was in force, but also to place them in the position they would have occupied with reference to promotions and statutory increases had the changes then proposed not been made. I could give the Minister of Finance the page in Hansard where I said that steps should be taken, when the time came for the restoration of the ten per cent deduction, to make these compensations and adjustments. I am very much afraid that in this item of $1,000,000 there is nothing that has the slightest bearing upon placing civil servants in the position they would have occupied in respect of superannuation and with reference to promotions and statutory increases had the salary deduction not been made. That is what I want to urge upon the Minister of Finance. I understand during the recess this matter of promotions and statutory increases will be taken up by the cabinet and rules or regulations will be made in regard to the granting of them. I hope when the matter is under consideration the important factor will be taken into account that these civil servants must be placed with reference to superannuation in the position they would have occupied had these deductions not been made and had the promotions and statutory increases been granted. I protest against this most radical departure from the present system, this cutting loose from the provisions of the Civil Service Act.

Mr. RHODES: I think the senior member for Ottawa is hardly warranted in making the statement that the estimates are replete with examples of promotions being made outside the provisions of the Civil Service Act.

Mr. CHEVRIER: There were seventy-two given out in the return brought down the other day.

Mr. RHODES: I think the record of the government in that respect has not been exceptional, and I do not think there has been any expansion of the practice. Regulations are required because of the peculiar nature of the conditions that have arisen by reason of the circumstance that deductions have been made over a period of years. My hon. friend knows full well that superannuation has never been interfered with; the ten per cent deduction has no bearing upon superannuation. The only question which may arise is, if I may put it in this way, the amount of increased salary that a certain employee would have received had he received the statutory promotions in the ordinary automatic course. In view of the fact that there have been deductions over the last three years, we have to have special regulations to deal with that situation. I may assure my hon. friend and the committee that there is no intention on the part of the treasury board to lay down regulations so far as the letter of the law will permit with regard to these civil servants, but we feel in the public interest there can be a better class of administration if there is a closer check held by the treasury board over expenditures.

My hon. friend has said that there are no cases in which promotion has been given except on merit. I may say to him that I take second place to no one in my admiration of the civil service as a whole, but there are in the service some cases, not numerous, where men have received promotions who did not deserve them by any standard of measure, efficiency, qualification or otherwise. So far as the person is concerned who is entitled to promotion, his rights will not be interfered with in the slightest degree. We will address ourselves to this matter as speedily as possible after the house rises, and I hope it will appear to my hon. friend that the course taken will be satisfactory.

Item agreed to.

To pay to the estate of the late General Sir Arthur William Currie, G.C.M.G., K.C.B., LL.D., in recognition of the eminent services rendered to his country by the deceased general during the great war, $50,000.

Mr. MACKENZIE KING: I think this item should not pass without some word being said in parliament concerning it. I am not objecting to it; I am rising to support it. The item is:

To pay to the estate of the late General Sir Arthur William Currie, G.C.M.G., K.C.B., LL.D., in recognition of the eminent services rendered to his country by the deceased general during the great war.

This is a belated recognition of the services of one of the most distinguished of Canada's sons. It is, I think, unfortunate that after the war there was no vote of thanks on the part of this parliament to the forces that served overseas on land, on the sea and in the air, and that no recognition whatever, so far as I know, was given by parliament of the distinguished services of eminent generals and others who participated in the war. There is in Great Britain an honoured tradition that such should be done, and it is a tradition which I think we might well follow in this country. There is the further tradition that exceptional rewards should be given to those who render their country exceptional services in exceptional conditions with exceptional success; that the services rendered Canada by General Currie were of that class is well known.

The British government at the close of the war voted to General the Honourable Sir Julian Byng the sum of £30,000 as the one who had been in command of the Canadian corps for a time and later of a British army. General Currie was the only Canadian who rose to the command of the Canadian army overseas, and it is due to his memory that this House of Commons and parliament should take recognition of his distinguished services. Personally I think it would have been preferable had the government asked parliament to vote a life annuity to Lady Currie in recognition of the services of her late husband rather than ask us to vote this lump sum to his estate. There must be some special reason why the government have adopted the latter course. This recognition, as I have said, is rather late in being made but it is a recognition that is greatly merited. I believe it is one that will be appreciated by all surviving members of the Canadian corps and by the people of Canada generally.

Mr. WOODSWORTH: I regret to have to register a protest against this grant. The late Sir Arthur Currie may have tendered eminent services during the war; into that matter I do not intend to enter, but I would say that there were tens of thousands of Canadian officers and private soldiers who did their best during that period and who rendered in their own spheres just as great service as that of Sir Arthur

Currie. I would say that the late Sir Arthur Currie and his family were well taken care of during the war and since. I think of the large numbers of the rank and file who have had no such tribute paid to them and no such material care, although they are sadly in need of it. In my own city a few days ago there were hundreds of men camped outside the hospital, urging that they, as returned men, should be given at least as large an amount of relief as the ordinary civilians of Winnipeg. Only to-day I was stopped on the street by two men wearing returned men's buttons, who claimed that they could not obtain relief from the city of Ottawa and that for various reasons they were turned down even at the legion shelter here. Anyone who is up and down this country must come across no end of cases of that sort. Until such time as we feel that we have enough to provide for the rank and file of the returned men as well as for the large numbers of younger men who are coming along, I think it is quite improper that we should make such a large grant as this to one individual. We say we do not stand for class distinctions in this country, but in passing a grant of this kind we are setting up certain class distinctions that in my judgment are injurious to the best interests of this country. I differ from the right hon. leader of the opposition, and suggest that there are large numbers of Canadians who will deeply resent special treatment of this kind.

Mr. MACKENZIE KING: I would mention just two points in reply to my hon. friend. One has reference to his remark that the late Sir Arthur Currie has been well cared for. I might remind my hon. friend that Sir Arthur Currie has been in his grave for some time, and he is in his grave because of broken health resulting from the service he gave his country overseas. May I remind my hon. friend also that this grant takes nothing away from any other returned man. If it took anything from any living soldier, any private in the ranks, I would be the last to support it. But there are times when individuals, even members of parliament, stand for communities as a whole, and the recognition of their services is looked upon as the recognition of the service of the community they represent. General Sir Arthur Currie represented the Canadian army corps overseas; he represented the people of Canada in the great war; in his service overseas, he represented what Canada stood for, and I for one believe that that service was part of a service to humanity rendered at a time of the world's greatest need.

[Mr. Woodsworth.]

Mr. GUTHRIE: I am sorry that my right hon. leader is not in his place at this moment, but in his absence I desire to say that I entirely agree with the remarks of my right hon. friend the leader of the opposition. I am very glad that at last we are recognizing to some extent at least the great service performed for this country by the late Sir Arthur Currie. I only wish it had been done during his lifetime.

Mr. MacINNIS: It is not a very nice thing to have to oppose a grant of this kind, particularly after the man for whom it is made has passed away, but I think I must take exception to it. I cannot agree with the statement of the leader of the opposition that it does not take anything away from anyone else. If it does not; if there is sufficient for every returned soldier in need and the widow of every returned soldier who passed away because of injury received during the war, why do they not get it? I have before me an item that I clipped from the Vancouver paper that came, I think, yesterday. This is what I find:

> Many returned soldiers and their families are urgently in need of clothing and shoes. If donors will telephone the returned soldiers' club, contributions will be called for.

Why should one man's family receive $50,000 and the families of other soldiers who gave their all—gave their life, and no man can give more—have to do with other people's cast off clothing? I protest against this grant until every returned man and every soldier's widow has at least a decent standard of living.

Mr. MACKENZIE (Vancouver): May I say to my hon. friend from Vancouver South (Mr. MacInnis) that he is mixing two entirely different questions. I think there are some in this house, I say it with all respect and deference, who have done more than he has done—

Mr. MacINNIS: I ask the hon. gentleman to retract that. There is nothing against me as a citizen of this country.

Mr. MACKENZIE (Vancouver): If my hon. friend will allow me to finish my sentence, I mean in the solution of soldiers' problems.

Mr. MacINNIS: Well, I did my share, whatever was called for.

Mr. MACKENZIE (Vancouver): I was not casting the slightest reflection on my hon. friend; he took me up too soon. I say many of us in this house have devoted many years to the solution of soldiers' problems; I think I may claim that I am as

conversant with those problems as my hon. friend, and if I thought for one instant that this grant would interfere in the slightest degree with giving full justice to every widow, orphan, and dependent of a Canadian soldier or every disabled soldier in Canada I would not support it. But I do not think so. I think it symbolizes the effort of the Canadian army in the great war. This house has at all times unanimously and regardless of party supported the utmost efforts to care for the widows, orphans and dependents of those who served overseas. I am sure this House of Commons will continue to do so, and to see that every Canadian pensioner or soldier who deserves a pension will get the utmost that can be given. That is not a party question in this house; we are all for it. I agree with my right hon. leader that by this act of justice we should indicate to the widow of the late Sir Arthur Currie our recognition of the services of the man who was privileged to lead our gallant Canadians overseas.

Mr. MacINNIS: Then as this is not going to take anything from any other returned soldier or returned soldier's widow or family, I suggest that we make a contribution to every other returned soldier or returned soldier's widow, not of $50,000 but, since we have enough, of $1,000, and see that that grant is paid as long as they need it. I should like my hon. friend to support that.

Mr. McKENZIE (Assiniboia): I must say that I cannot favour this vote. There are hundreds of returned men among the two thousand assembled to-day in Regina who are protesting against a pittance of twenty cents a day in the relief camps. When they see that not a returned man but the estate of a returned man is being paid $50,000 a year—

Mr. GUTHRIE: No, not $50,000 a year.

Mr. McKENZIE (Assiniboia): Well, $50,000 to his estate. There are plenty of returned men in the constituency I represent who are in real distress to-day. All they want is a chance to earn a living, and it is not provided for them. If there is any real necessity for a vote of this kind, why not grant a certain amount yearly? We all know that Sir Arthur Currie rendered great services, but if there is any real distress in his family why not grant a yearly allowance to his estate? I am entirely opposed to a grant of $50,000 to the estate of any man, no matter what may have been his reputation in the past.

Item agreed to.

To provide for expenses of the comptroller of the treasury's office — further amount required, $80,000.

Mr. MACKENZIE KING: This had better be held.

Item stands.

Allowance to the representative of the Department of Finance as a member of the Canadian Farm Loan board, during tenure, $1,500.

Mr. POULIOT: May I ask the minister if the farm loan board is operating now in the province of Quebec?

Mr. RHODES: Yes, Mr. Chairman.

Mr. POULIOT: And Mr. Baillargeon is in charge in that province?

Mr. RHODES: Yes.

Mr. REID: I wonder if the minister could give any information as to what the government are paying those who have been appointed in the various provinces. I know in the province of British Columbia a new appointee, Mr. Hellmer, has taken charge. I wonder if the minister has that information.

Mr. RHODES: I am afraid I have not the exact salaries here; if I have not I am content to let the item stand.

Mr. REID: Perhaps the minister could send me the information.

Mr. RHODES: I am content to let the item stand; I will obtain that information.

Item stands.

Grant to l'Association Canadienne-Française des Aveugles to assist in work with the blind, $4,050.

Mr. WOODSWORTH: I rise not to oppose this vote but to ask why other similar associations are not given grants as well. There is an association that appeared before our committee dealing with the question of pensions for the blind, the Canadian Federation for the Blind, which I think has been doing very good work right across the country. I understand it has some twelve branches; I know it has been very active in my own city as well as in Toronto, Montreal and elsewhere. It would seem to me highly desirable that this association should have a grant as well. I know there is an item here for the Canadian National Institute for the Blind, but as I understand it the type of work carried on by the Canadian National Institute differs very materially from that carried on by the Canadian Federation for the Blind. I regret exceedingly, as I feel a great many members of this house regret, that apparently we are

not to have any legislation providing for pensions for the blind. I wish, even at this late hour, the government could see its way clear to reconsider that decision, but especially in view of that fact it seems to me that the blind ought to be given some encouragement to carry on the type of educational work they have been carrying on in order to improve their condition. I hope the minister will consider the possibility of making a similar grant to this other organization.

The CHAIRMAN (Mr. Spotton): Carried.

Mr. WOODSWORTH: Just a moment. I have asked whether the minister will not consider the claim of this other organization. A few moments ago we were told that an item had been put at a certain figure because no other figure had been asked. Have there been no requests for a grant on behalf of this Canadian Federation for the Blind, or is there any reason why they should not have a similar grant?

Mr. RHODES: Mr. Chairman, I cannot recall offhand whether or not there was a specific request from the organization to which my hon. friend refers, but if they missed making a request it would be unique, because I may say to my hon. friend that one of the great difficulties of a minister of finance is the preparation of miscellaneous items for either the main or the supplementary estimates. The requests come in not by the dozen but by the hundred, requests of every conceivable kind, and while in the winnowing process there may be an injustice done here or there I am sure not only this government but all governments do the best they can to hold the balance fairly even and to deal with individual compassionate items on their merits.

In the case of the Canadian National Institute for the Blind, that was an old institution, in good standing and country wide in its operation, and because of the difficult times through which we have been passing the sources of private donations, which hitherto have been if not ample at least reasonably sufficient to meet the needs of the organization, to a large extent have dried up. The result has been that unless somebody came to the rescue of the organization and assisted it in connection with its debt loan, its work would be very seriously impaired. This special item was therefore put in the estimates for the purpose of endeavouring to enable that very worthy organization to carry on. It by no means follows that because this or any other organization is given special consideration in the estimates there are not other worthy organizations which might be included, but we must try to keep our sense of proportion and do the best we can in the circumstances. I should be glad to make further inquiry more specifically with respect to the organization which my hon. friend from Winnipeg North Centre has mentioned, and I may say to him that we certainly will give sympathetic consideration to it, as we have endeavoured to do in connection with all these compassionate items. I think that same statement could be made with regard to any minister of finance or any government we have had at any time.

Item agreed to.

The Economic Council of Canada Act, 1935, $20,000.

Mr. POULIOT: May I ask the minister if the members of the economic council have been appointed and, if so, who they are and when they were appointed?

Mr. RHODES: I do not think they have been appointed.

Mr. POULIOT: This is most extraordinary. I remember very well when the right hon. member for Argenteuil (Sir George Perley) rose in his place and said that for the assistance of the Prime Minister the appointment of an economic council, a super brain trust, was urgent. The enactment was passed; nothing has been done. The Prime Minister seems better than ever; he appears to be in good health; he is in the house more than he was before, and there is no economic council. We do not need it. Moreover, sir, I strongly object to that economic council because it is a direct insult to every member of the cabinet. Either the members of the government are competent or they are not. If they are competent we do not need an economic council; if they are incompetent let them say good-bye to us. I want to defend the dignity of the members of the cabinet; I am acting on their behalf, and I find this legislation extremely stupid. There was some talk in the press that this and that gentleman would be appointed to the economic council to advise the government —to advise the government now that all the legislation has been passed. It has been said already that the government is eating soup for dessert; I see every minister with a toothpick in his mouth before luncheon and before dinner. It is most extraordinary; it is incredible; it is inconceivable. This legislation was to save the country; this council was to improve the legislation, and all the legislation was baked—I mean half-baked—before any member of this economic

council was appointed. Sir, it is a farce; it is a joke. In the United States there was a brain trust which turned out to be no good, and the president appointed a super brain trust. He left the brain trust that was no good underneath and put on top of it a super brain trust, instead of dispensing with the first.

The only reason for this economic council is to give these hair-splitters who try to put their dreams into operation a chance to see what they can do. I should like to ask the present leader of the government to drop this vote. The taxpayers of Canada will have to pay this amount if this item is passed; they will have to pay taxes in order to keep that economic council going when it is an insult to each and every member of the cabinet, including the Prime Minister. It is a crutch which is half broken before it is used. I am asking the government to drop this vote, because it is a waste of money.

Mr. YOUNG: When the bill to establish an economic council was before the house I understood that this body would not cost the country one cent. I thought it was to be composed of men already in the civil service who would act on the council free of charge and would receive no additional remuneration. How will the $20,000 be spent?

Mr. SPENCE: Your understanding was wrong, probably.

Mr. RHODES: I have no details of the item, because it does not come under my department. The hon. member will realize, however, that there would be certain expenses to be met.

Mr. YOUNG: What for? They live in Ottawa, and they meet here once in a while in a room paid for by the government.

Mr. RHODES: The hon. member would not expect them to stay here all the time. However, if there is any question about it, I am content that it should stand.

Item stands.

Amount required for compassionate allowances to farmers who have suffered loss on account of shipments of cattle made through the Richelieu Corporation, during the fiscal year 1933-34. Payments to be made only on the specific authority of the governor in council, $42,000.

Mr. GARDINER: Will the minister explain this vote?

Mr. HANSON (York-Sunbury): It is to provide compensation to farmers in western Canada who consigned goods to the Richelieu Corporation under the mistaken belief that that corporation was bona fide and carrying on under government auspices. There is no legal liability on the government, but it is felt that the expenditure is justified on compassionate grounds.

Mr. GARDINER: How did it happen that these people consigned goods on the assumption indicated by the minister. Did they act on an advertisement of the corporation?

Mr. HANSON (York-Sunbury): My information is that, without knowledge of the department, the Richelieu Corporation went through a portion of western Ontario and stated that the department had assisted in providing stalls for the two ships fitted out by the corporation and used this statement as evidence of the good faith of the Richelieu Corporation. In this way they induced farmers to consign goods to them.

Mr. GARDINER: I assume that the corporation was made up of individuals. Was any action taken against the individuals to recover the property so consigned?

Mr. HANSON (York-Sunbury): My recollection is that the corporation went into bankruptcy. A criminal charge was laid against the officers of conspiracy to defraud; I understand the charge failed.

Item agreed to.

To provide hereby, notwithstanding anything contained in The Consolidated Revenue and Audit Act or any other act or law, for payment out of the consolidated revenue fund to the present Canadian Minister to France of an annuity at the rate of $3,000, to commence upon his retirement and to continue thereafter at the above rate during his lifetime, $3,000.

Mr. MACKENZIE KING: I should like the item to stand. The hon. member for Quebec East, among others, wishes to speak on it.

Item stands.

To enable the governor in council for and as one of the purposes of section 9 of the Supplementary Public Works Construction Act, 1935, to authorize the Minister of Finance to make loans to the railway companies for the betterment or repair of railway equipment out of any sum authorized by subsection 4 of said section 9 to be expended for the purchase of railway equipment, any such loan to be in reduction of the sum so authorized to be expended, $1.

Mr. MACKENZIE KING: Would the minister explain this vote? It looks more like an act of parliament than an estimate.

Mr. MANION: This is done for the purpose of permitting the Minister of Finance to advance moneys for repairs, rather than to guarantee securities. It does not increase the expenditures in any way, but it does permit him to advance moneys.

Mr. MACKENZIE KING: This seems an odd way to do it. Should it not be part of an act of parliament?

Mr. MANION: It could have been done as a modification of Bill No. 93, but it was thought preferable to do it in this way

Mr. RHODES: The bill was passed. This action was taken at the instance of the Department of Railways and Canals, and I took no exception because the original bill had passed both houses, and to pass a second bill respecting a similar matter during one session would seem to be a cumbersome procedure. This method was adopted for the convenience of the companies and it will not cost the treasury one cent.

Mr. MACKENZIE KING: More government by order in council?

Mr. RHODES: No.

Item agreed to.

To provide, notwithstanding the terms of the Civil Service Act or any other act or law, for payment of honoraria to members of the public service—subject to allocation by the treasury board, $10,000.

Mr. MACKENZIE KING: A few moments ago an item somewhat similar to this was called and exception was taken to it. I believe it is a dangerous procedure to give a government power to pay honoraria out of the public revenues to members of the public service without naming them in the estimates.

Mr. RHODES: Under the circumstances I believe the item should stand. It was submitted by the Prime Minister, and I believe he has a special consideration in mind.

Item stands.

Miscellaneous, including printing and stationery; subscriptions to commercial papers; flags; dating stamps; locks; instruments; express charges on samples; legal forms; legal expenses; premiums on guarantee bonds; uniforms for customs-excise officers; laboratory equipment and supplies, etc.—further amount required, $25,000.

Mr. POULIOT: As this item relates to printing perhaps I may get some information from the government about the printing of the lists. I asked the Secretary of State for the information and he referred me to returns. I wonder if the government could give any statement as to the cost of printing election lists. If they cannot do so now possibly they would let the item stand.

The CHAIRMAN: This is printing in connection with the Department of National Revenue, and has nothing to do with the printing of voters' lists.

Mr. POULIOT: Oh, well, printing is done by the printing bureau. Everything is so badly mixed up in the supplementary estimates that this vote might include something for the printing of lists. The item should stand until the Secretary of State is present to state whether or not this vote includes an expenditure for revision of lists.

Mr. MATTHEWS: It does not include any expenditure for such printing.

Mr. POULIOT: I take your word.

Item agreed to.

Printing of parliamentary and departmental publications — further amount required to provide for the Canada Year Book, $25,000.

Mr. YOUNG: In the present session we have passed many bills which have been sent to the other chamber, amended and sent back to this chamber. Some of the amendments have been accepted and some rejected. Then they have gone back to the upper chamber sometimes for further amendment. The result is that very few members know exactly how any of these bills read to-day. This afternoon we went to the other chamber at which time royal assent was given to certain bills. I do not know exactly how they read in their final form. I went to the distribution office and asked for copies of them as they are now, but I was told that they were not printed and would not be printed. We will not know how those bills read until the published volume comes out later.

Mr. GUTHRIE: The hon. member could get them from the Senate, and in the distribution office.

Mr. YOUNG: No.

Mr. GUTHRIE: The clerk of the Senate would give them to the hon. member.

Mr. MACKENZIE (Vancouver): Why should we have to go there for them?

Mr. YOUNG: Could they not be put in the distribution office?

Mr. GUTHRIE: They are not yet printed. I understood the hon. member wanted to know what was in them and what was not in them, as finally passed.

Mr. YOUNG: Yes, we wanted to know what they contained in their final form.

Mr. GUTHRIE: The clerk of the Senate would let the hon. member see them.

Mr. YOUNG: I want to have the bill as it is finally passed, so I may take it home and tell people what is in it. I am told these bills will not be available until the published volume comes out some months later.

Mr. HANSON (York-Sunbury): That has been the usual practice.

Mr. YOUNG: Some provision should be made.

Mr. GUTHRIE: I believe they are published in the Canada Gazette almost immediately after their passage. If the hon. member will look in the Canada Gazette he will find them.

Mr. POULIOT: I am sorry, but the minister is mistaken. I must tell him that the bills are not printed in the Canada Gazette. Sometimes orders in council are printed, but not as many as we would wish. It is a fact that the bills are not so printed. I am very sorry that the Minister of Justice has to slip like that; I am very sorry for him. But what happens? The minister has made the mistake in this way: It is the official gazette of the province of Quebec which publishes a supplement in French and English of the public bills. It is bilingual, and I believe in this respect the province of Quebec has set a good example for the dominion government to follow.

Mr. GUTHRIE: They do in Ontario too.

Mr. POULIOT: That is good; I am sorry that such confusion exists.

Mr. GUTHRIE: If any hon. member desires a copy of the bill he can get it by applying to the clerk of the Senate.

Mr. POULIOT: I do not see why we should go into the corridors like messenger boys to get copies of bills. It should be the business of the Minister of Justice to see to it that every member of parliament is supplied with a complete set of the bills that have been passed, so that they can be obtained immediately after parliament prorogues.

Mr. GUTHRIE: I suggest that the hon. member bring in a bill to that effect. Under the law now and for the last sixty years these bills have not been printed.

Mr. YOUNG: There is no law against it.

Mr. GUTHRIE: Under what authority will you do it?

Mr. POULIOT: The hon. gentleman says that no bills are ready, but he told us a minute ago to go to the Senate. If they do not exist how can you get them?

Mr. GUTHRIE: I said you could get a copy of the bill at the Senate at any time. The clerk of the Senate will give it. I have received them the day after prorogation, certified with a big seal on them.

Mr. POULIOT: I do not care for the seal; what I want is the bill. The Minister of Justice told us to go to the Senate to get the bills, and now he says that the bills are not printed. What does his explanation mean?

Mr. GUTHRIE: I mean that you can get a copy of that bill as passed, certified by the clerk of parliament, and you will get a big ribbon and a seal on it.

Mr. POULIOT: There is no clerk of parliament. There is a clerk of the House of Commons and a clerk of the Senate, but there is no clerk of parliament. How, therefore, can I get it from the clerk of parliament?

Mr. SPEAKMAN: I agree with the hon. member for Weyburn (Mr. Young) that, this year particularly, when so many new and important bills have been passed, bills that have been so extensively amended, it is difficult to know just what each bill finally contains and what the clauses mean, without having the bill as finally adopted. I am not talking about going home and spouting on the election platform, but every constituent at home has a right to ask his member of parliament what a particular bill is as finally passed. I have had numerous requests not merely for copies of bills but for an explanation of precisely what some particular bill provides, the terms of the bill, the powers embodied in it and what must be done under it. But I have not been able to give definite information; I have simply had to assure those who inquired that I should have to wait until the bill finally passed both houses of parliament, because bills are so extensively amended that you cannot tell in what form any bill will finally emerge. It is far more important this year than ever before that bills should be available in completed form to every member of parliament who wants them. Will bills be

available in the Senate in sufficient numbers to enable all members of the house to receive copies? If not, then the suggestion that copies of the bill can be obtained means little. It is practically useless if they are so limited in number that every member cannot receive a copy.

Mr. POULIOT: You, Mr. Chairman, are a man of great learning, and you know the maxim, ignorantia legis neminem excusat—ignorance of the law excuses no one. But, sir, this is very serious. The reason why there are so many amendments is the fact that the legislation has been half baked. It has been prepared by third rate clerks who do not know their job and who hand out to the government such rotten legislation that they have to amend it this way and that. It is a patchwork which it is impossible to describe, and then it goes to the Senate and when it comes back no minister is able to recognize his brain child. Who can get a clear idea of the law maker's intent? In the last five years every bill has been turned upside down from the moment of its introduction into this house until the amendments have received their last reading. Something should be done, and I hope we shall be able to find out what has been passed during this session. Perhaps it is the intention of the government to prevent the people of Canada from finding out what legislation they have passed; they are probably so much ashamed of it that they do not want the Canadian people to know what their achievements amount to. But does anyone expect any member of parliament, with the vast amount of correspondence that must be carried on, and the reading of blue-books and all that, to follow every change in a bill as shown in the votes and proceedings? It is absurd. It is the more absurd because very often bills go to the privy council and changes are made at great expense to the exchequer through faulty drafting. It was proved in the committee on translations last year that there was great lack of knowledge on the part of those who drafted the legislation. It had been printed five or six times before it suited the taste of the cabinet members. If any bill can be printed so many times before it is approved by them I do not see why it cannot be printed once for all for the use of members once it has become the law of the land. The waste occurs before the bill is considered by the cabinet, and when we need the bill in its final form we cannot get it.

Item agreed to.

[Mr. Speakman.]

Weights and measures inspection service—further amount required, $35,000.

Mr. YOUNG: Is this in connection with the price spreads report—the majority report I mean?

Mr. HANSON (York-Sunbury): It has some connection with it. The sum of $35,000 is required, or alleged to be required, by the departmental officers for certain expenses. I may say that the amount of this vote has been reduced in recent years and it is necessary to employ extra help to meet conditions which have arisen by reason of the administration of the Weights and Measures Act and the general policy of the department to enforce the act in consequence of the price spreads investigation, and for additional services.

Item agreed to.

Publicity and advertising in Canada and abroad—further amount required, $2,000.

Mr. HANSON (York-Sunbury): I think I should make an explanation of this item. It is to permit the holding of an essay competition in Australia, with a view to making Canada better known in that country. The pupils of the secondary schools in the various states of Australia will be invited to submit essays on Canada, and the successful contestant will be awarded a return trip to Canada as a prize. Recently the Australian government, through its trade commissioner, held a similar competition in Canada and the successful contestant is shortly to leave on a visit to Australia. I may say that this competition was requested to be held by the Australian trade commissioner as a compliment to his country.

Mr. POULIOT: When the right hon. leader of the opposition (Mr. Mackenzie King) was Prime Minister, Canada was first in England, but, unfortunately, Australia has passed her because of the policies of this government. Canada now ranks second or third in London, and instead of holding competitions this government should endeavour to learn from Australia the reasons for her success. Perhaps this may be unnecessary as the government may have an opportunity of learning from the Liberal party. Two years ago, $100,000 was voted to the Department of Trade and Commerce for advertising to be carried on in England under the control of the High Commissioner for Canada. Instead of making his report to the Department of Trade and Commerce, that gentleman made it to the Department of the Secretary of State for External Affairs. The Department of Trade and Com

merce asked for $100,000 of Canadian money to be given to Mr. Howard Ferguson to be used for advertising; he used that money to give dinners and so forth, but he did not make a return to the minister who supplied him with it. This shows the little care this government has taken to follow parliamentary traditions.

Item agreed to.

Progress reported.

DOMINION DAY ADJOURNMENT

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, with the consent of the house I beg to move:

That when this house do adjourn this day, it stand adjourned until Tuesday next at three o'clock in the afternoon.

Motion agreed to.

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

Tuesday, July 2, 1935.

The house met at three o'clock.

CLERK AND CLERK ASSISTANT

Mr. SPEAKER: I have the honour to inform the house that it has been arranged that during the absence of the clerk of the house, Mr. T. M. Fraser will act as clerk of the house, and that Mr. R. P. King, chief of English Journals, will act as assistant clerk of the house, for the remainder of the session.

CANADIAN GRAIN BOARD

Right Hon. R. B. BENNETT (Prime Minister) presented the second report of the special committee to which was referred Bill No. 98, to provide for the constitution and powers of the Canadian grain board, as follows:

Your committee has duly considered the said bill and begs leave to report the same, with amendments.

EMPIRE TRADE AGREEMENTS

TRANSFER TO GOVERNMENT ORDERS OF MOTION OF MR. HARRIS

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

That order No. 12 be transferred from public bills and orders to government orders for consideration this day.

92582—261½

He said: It does not follow that it is to be considered to-day.

Some hon. MEMBERS: Explain.

Mr. BENNETT: There was a motion by Mr. Harris respecting the operations of the British preference, and the right hon. leader of the opposition on February 22 pointed out that we had prevented the house from voting on that motion. The effect of this motion will be to place it upon the order paper so that the debate may be concluded and a vote taken.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The effect of placing this motion upon the order paper at this time may be to prolong the session very materially. Certainly it will not afford the same opportunity for debate as if that opportunity had been given when the motion was properly before the house. Earlier in the session we repeatedly requested that we should have this opportunity but I find it very difficult to discover any reasonable ground for making the transfer at this time.

Hon. ERNEST LAPOINTE: I wish to add my own word on this. We have now been in session for six months. We have completed the fifth year of the duration of this parliament. We are here in the month of July, and now the government wants to take the time of parliament and of the members to discuss a motion to praise something they did three years ago. Of all the foolish things that have passed at this session this easily earns the palm.

Mr. WILLIAM DUFF (Antigonish-Guysborough) Under public bills and orders No. 16 stands in my name; I wonder if the Prime Minister would be good enough to treat my motion as he is treating that of the hon. member for Toronto-Scarborough (Mr. Harris).

Mr. BENNETT: Mr. Speaker, the hon. gentleman knows quite well why that resolution stood. It was the subject matter of negotiation with the government of the United States, and it was thought undesirable—

Mr. DUFF: That was in regard to reciprocity.

Mr. BENNETT: —in the public interest that that should be done.

Mr. MACKENZIE (Vancouver): No. 11 is in the same category.

Mr. BENNETT: Yes, there are three in the same category.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, I just wish to say a word in protest against this motion. In my judgment there are other motions standing under public bills and orders far more important than the motion being moved forward by the Prime Minister (Mr. Bennett).

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the Prime Minister (Mr. Bennett) is taking down the old rusted gun which has been hanging over the fireplace for three years. This is most absurd, most ridiculous and most foolish, because nothing came out of the Ottawa agreements. The 1930 conference in London was a failure; it was the first failure.

Mr. BENNETT: Mr. Speaker, I am advised that this motion is not debatable.

Mr. SPEAKER: Motions for or against the transfer of public bills and orders to government orders are not subject to debate.

Mr. POULIOT: Then, speaking to the point of order, I will ask you, Mr. Speaker, if I will have a right to speak when the motion comes up on the order paper.

Mr. SPEAKER: Yes.

Mr. POULIOT: Then I will do so at that time.

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

YEAS

Messrs:

Arthurs	McGregor
Barber	McLure
Baribeau	Maloney
Belec	Matthews
Bennett	Mullins
Beynon	Murphy
Bourgeois	Myers
Bowen	Pickel
Bury	Plunkett
Cahan	Porteous
Cantley	Quinn
Chaplin	Rhodes
Dickie	Ross
Dupré	Senn
Duranleau	Shaver
Edwards	Short
Embury	Smith (Victoria-Carleton)
Gagnon	Smith (Cumberland)
Garland (Carleton)	Spence
Gobeil	Stewart (Leeds)
Gordon	Stirling
Guthrie	Stitt (Nelson)
Harris	Sullivan
Johnstone	Sutherland
Kennedy (Winnipeg South Centre)	Tétreault
Lawson	Turnbull
Loucks	Weir (Melfort)
Macdonald (Kings)	White (Mount Royal)
MacMillan (Saskatoon)	Willis
MacNicol	Wilson—61.
McGillis	

NAYS

Messrs:

Beaubien	Lapointe
Bothwell	MacInnis
Boucher	Mackenzie (Vancouver South)
Brasset	Macphail, Miss
Brown	McIntosh
Cardin	McKenzie (Assiniboia)
Coote	McKinnon
Deslauriers	McPhee
Donnelly	Michaud
Duff	Moore (Ontario)
Elliott	Motherwell
Euler	Mulock
Ferland	Neill
Fiset, Sir Eugène	Ralston
Fournier	Reid
Fraser (Northumberland, O.)	Rennie
Gardiner	Rinfret
Garland (Bow River)	Roberge
Goulet	Sanderson
Gray	Stewart (Edmonton West)
Hanson (Skeena)	Totzke
Heaps	Vallance
Howden	Woodsworth
Jacobs	Young—49.
King, Mackenzie	

PAIRS

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

Messrs:

Anderson (Halton)	Factor
Baker	Bertrand
Barrette	Rhéaume
Beaubier	Ahearn
Bell (Hamilton)	Mercier (St. Henri)
Bell (St. Antoine)	Raymond
Bell (St. John-Albert)	Dubois
Boyes	Mills
Burns	Butcher
Casselman	Howard
Charters	Blair
Cotnam	Hurtubise
Cowan	Ilsley
Davies	Spencer
Dorion	Verville
Duguay	Dumaine
Ernst	Bradette
Esling	Hanbury
Fortin	Fafard
Fraser (Cariboo)	Speakman
Geary	Mercier (Laurier-Outremont)
Gott	Rutherford
Hackett	Perras
Hanson (York-Sunbury)	Veniot
Jones	MacLean
Laflèche	Girouard
Larue	Thauvette
Laurin	Fontaine
MacDonald (Cape Breton)	Urquhart
McDade	Dupuis
McGibbon	Power
Manion	Chevrier
Moore (Châteauguay-Huntingdon)	Dubuc
Morand	Parent
Perley (Qu'Appelle)	Munn

Perley, Sir George	Marcil
Pettit	Bouchard
Robinson	Desrochers
Rowe	Lacroix
Ryerson	Taylor
Sauvé	Séguin
Simpson (Simcoe)	Jean
Simpson (Algoma)	Casgrain
Smoke	Pouliot
Spotton	MacMillan (Mackenzie)
Stevens	Malcolm
Stewart (Lethbridge)	Lucas
Stinson	Hall
Stitt (Selkirk)	Weir (Macdonald)
Tummon	St-Père
Weese	Campbell
White (London)	Gershaw
Wright	Golding.

Mr. ANDERSON (Toronto-High Park): Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. ANDERSON (Toronto-High Park): I did not vote, but my pair did vote. I wish to vote. When I was asked to vote my pair was not in the house; I refer to the hon. member for North York (Mr. Mulock). He has come into the house since, and I wish to have my vote recorded as being in favour of the motion.

Mr. SPEAKER: I regret that the Speaker cannot recognize pairs. The hon. member did not rise in his place when the vote was called.

Mr. MULOCK: I was in my seat. Apparently there is some misunderstanding, which I regret but I was certainly in my seat.

Mr. PERLEY (Qu'Appelle): I was paired with the hon. member for Vancouver North (Mr. Munn). Had I voted I would have voted for the motion.

Mr. GOLDING: I was paired with the hon. member for North Perth (Mr. Wright). Had I voted I would have voted against the motion.

Mr. SMOKE: I was paired with the hon. member for Témiscouata (Mr. Pouliot). Had I voted I would have voted for the motion.

Mr. CHARTERS: I was paired with the hon. member for North Wellington (Mr. Blair). Had I voted I would have voted for the motion.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted I would have voted for the motion.

Mr. WHITE (London): I was paired with the hon. member for Medicine Hat (Mr. Gershaw). Had I voted I would have voted for the motion.

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

Mr. BURNS: I was paired with the hon. member for Last Mountain (Mr. Butcher). Had I voted I would have voted for the motion.

Mr. GAGNON: I was paired with the hon. member for Bellechasse (Mr. Boulanger). Had I voted I would have voted for the motion.

Mr. WEESE: I was paired with the hon. member for Frontenac-Addington (Mr. Campbell). Had I voted I would have voted for 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. FACTOR: I was paired with the hon. member for Halton (Mr. Anderson). 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. SPENCER: I was paired with the hon. member for Athabaska (Mr. Davies). Had I voted I would have voted against the motion.

Mr. LUCHKOVICH: I was paired with the hon. member for Lanark (Mr. Thompson). Had I voted I would have voted against the motion.

Mr. SPEAKMAN: I was paired with the hon. member for Cariboo (Mr. Fraser). Had I voted I would have voted against the motion.

Mr. LUCAS: I was paired with the hon. member for Lethbridge (Mr. Stewart). Had I voted I would have voted against the motion.

Mr. SAUVE (Translation): I was paired with the hon. member for Assomption-Montcalm (Mr. Séguin). Had I voted, I would have voted for the motion.

Mr. FAFARD (Translation): I was paired with the hon. member for Lévis (Mr. Fortin). Had I voted, I would have voted against the motion.

Mr. CHEVRIER (Translation): I was paired with the hon. Minister of Railways and Canals (Mr. Manion). Had I voted, I would have voted against the motion.

Mr. Dubois (Translation): I was paired with the hon. member for St. John-Albert (Mr. Bell). Had I voted, I would have voted against the motion.

B. C. RELIEF CAMP STRIKERS

REQUEST FOR LEAVE TO MOVE ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, under standing order 31 I beg leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely, the serious situation in Regina accompanied by loss of life.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, if the hon. member would permit me, may I say that we will move to go into supply to afford him an opportunity this afternoon to discuss the matter he desires to discuss.

Mr. WOODSWORTH: When do we go into supply?

Mr. BENNETT: Some time this afternoon we will make the motion. So far as that is concerned, we can make it the first order.

Mr. WOODSWORTH: That will be definitely this afternoon?

Mr. BENNETT: It will be the first order of business.

FREIGHT RATES REVISION

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to ask a question of the Prime Minister. On February 4 of this year on behalf of the government of British Columbia I lodged an appeal to the governor in council against the decision of the board of railway commissioners refusing to grant a reduction in freight rates on grain for feeding purposes from the prairie provinces to British Columbia. When may we expect the privy council to deal with the matter?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, it is obviously very difficult to deal with matters of this kind when the house is in session because arguments have to be heard. All appeals of this character have usually been sent back to the technical officers of the board of railway commissioners for a report.

EXPORT OF HAY

On the orders of the day:

Mr. JEAN FRANCOIS POULIOT (Témiscouata): May I ask the Minister of Agriculture (Mr. Weir) if the issuance of licences for the export of hay to the United States is a matter of political patronage or not?

Hon. ROBERT WEIR (Minister of Agriculture): No.

NATIONAL RESEARCH COUNCIL

CORRESPONDENCE RESPECTING RETIREMENT OF DOCTOR H. M. TORY AS CHAIRMAN, TABLED

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I have a question to direct to the Minister of Trade and Commerce (Mr. Hanson). On June 19 last the minister tabled the correspondence with regard to the retirement of Doctor H. M. Tory as president of the national research council. There was one letter which he did not table and if you will permit me, sir, I will quote what the minister said in respect to that:

> I should like to say that in a letter to me dated March 7, Doctor Tory made certain representations. This letter was marked "personal," and for that reason it is not included in the file; otherwise it would be produced. I have not been able to get Doctor Tory to release the privilege as he is not in the city.

I would ask the minister if he has yet got the consent of Doctor Tory to release that letter.

Hon. R. B. HANSON (Minister of Trade and Commerce): No.

Mr. SANDERSON: Is the minister endeavouring to get it released?

Mr. HANSON (York-Sunbury): No.

Mr. SANDERSON: No the second time?

Mr. HANSON (York-Sunbury): Twice.

CITY MAIL DELIVERY

On the orders of the day:

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Mr. Speaker, on May 5 a letter was addressed by myself to somebody in town. The address contained the name and number of the street, and below that there were in French the two words "en ville," which

means city. That letter has been returned to me by somebody at the post office because they said there was no such post office in Ottawa. This is not the first time because a letter thus addressed that was on its way to the west was stopped in Winnipeg. May I ask the Postmaster General, who calls himself the champion of the French language, if he would teach French to such employees of the Post Office Department.

Hon. ARTHUR SAUVE (Postmaster General): When the member for Témiscouata will ask something proper I shall answer.

BOARD OF RAILWAY COMMISSIONERS

APPOINTMENT OF SECRETARY

On the orders of the day:

Mr. GEORGE W. McPHEE (Yorkton): Mr. Speaker, this morning's paper contains notice of the appointment of a secretary to the board of railway commissioners. As the Minister of Railways (Mr. Manion) is not in his seat I will direct my question to the Prime Minister. Was this position filled by the civil service commission, and if so, how many applied? If it was not filled by the civil service commission, by whose direction was the appointment made?

Right Hon. R. B. BENNETT (Prime Minister): The position was filled by the governor in council, not by the civil service commission. The gentleman appointed secretary to the commission had been assistant secretary for some years, and with the falling off of work was released from his duties about two or three years ago. He is now appointed to the position of secretary, he having formerly been assistant secretary. The recommendation was made by the Minister of Railways, I think, in due course.

LOAN TO NEWFOUNDLAND

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): May I ask a question of the Minister of Finance (Mr. Rhodes)? On April 10 the minister stated that the Canadian government had undertaken to guarantee the repayment to Canadian banks of a loan to Newfoundland. In the report of the dominion commissioner for unemployment relief, dated March 31, 1933, at page 11, a guarantee of $625,000 is mentioned. May I ask the minister first what he meant when he declared that the government had undertaken to guarantee repayment; and secondly, if anything to that effect appears in the subsequent reports of the director of unemployment relief, and if so at what page? If not, why?

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, I may say with all deference to my hon. friend from Témiscouata that it is hardly within the purview of the rules of the house to put a minister under cross-examination on the orders of the day. So far as his question is a proper one I will take it as a notice and be pleased to answer it.

DISTRIBUTION OF VOTERS' LISTS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, on Friday evening the hon. Secretary of State very kindly said that he would have a word with the franchise commissioner with respect to the desire of hon. members to obtain typewritten copies of revisions as made on the voters' lists. May I ask my hon. friend if he has had an opportunity to speak with the franchise officer, and can he give the house any information as to what will be done?

Hon. C. H. CAHAN (Secretary of State): I have not had an opportunity of speaking to him. As far as I can ascertain from an examination of the statute the hon. member for Comox-Alberni (Mr. Neill) was under a misapprehension with regard to the law governing the previous distribution of electoral lists. The two extra lists to which he referred were only issued by the registrars in rural constituencies and in cases where there had been a redistribution of constituencies or of parts of constituencies. Nevertheless, I shall take an early opportunity of conveying to the dominion commissioner the views which were expressed on Friday.

Mr. MACKENZIE KING: May I say to my hon. friend that apart altogether from what the law may have been or any misapprehension with regard to it, it would, I believe, meet the wishes of hon. members on both sides of the house to have the request which was made carried out if at all possible.

Mr. CAHAN: Yes. I was thinking afterwards that we would have to make some provision for the payment of registrars for this extra service, which would be a very considerable service.

SUPPLY

B.C. RELIEF CAMP STRIKERS

The house resumed from Wednesday, June 26, consideration of the motion of Mr. Rhodes for committee of supply.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, on Wednesday last when the motion was made for the house to go into supply I took the opportunity of drawing to the attention of the house the condition that was facing the government and the people of this country owing to the strike of men in the unemployment relief camps. I pointed out at that time that we had made an effort on two occasions to bring to the attention of the house the seriousness of that situation, but that we were unsuccessful. On a later occasion I again asked the Prime Minister if he would give an opportunity to discuss this matter in the house, and he promised that he would take it into consideration although he did not think it was worth while discussing. Now I am sure that not only the members of this house but the people of this dominion are shocked at the tragedy that took place in the city of Regina last evening. I believe the people of this country will lay the cause of that tragedy at the door of the government.

Some hon. MEMBERS: No.

Mr. SPENCE: That is your own doing.

An hon. MEMBER: You are responsible.

Mr. MacINNIS: I am ready to assume any responsibility that is coming to me. I not only pointed out in this house the serious condition with which we were confronted but some two months ago I went to the Minister of National Defence and pleaded that the government should take some action in order to meet the situation. I am convinced that the government could have done this. We are all human and we act and react to conditions in much the same way. The easiest way to provoke a person into taking action which possibly he should not take is to ignore his rightful claims. I contend that these men in the camps have rightful and just claims which have been ignored by this government.

An hon. MEMBER: Communist claims.

Mr. MacINNIS: An hon. member says, "communist claims," but let me tell him that the way to make a communist is to act in the manner in which this government has been acting.

An hon. MEMBER: You ought to know how to make them.

[Mr. Cahan.]

Mr. MacINNIS: The hon. member ought to know how to make them because his leader is making them every day and there is no protest from that side of the house.

Mr. SPENCE: Shut up; they ought to hang you first.

Mr. BOUCHARD: Dit Spence!

Mr. MacINNIS: That is a communist tactic, hang those whom you do not like. Hon. members cannot do that just yet; although their leader is acting like a dictator; his dictatorship is nearly over. Perhaps they will keep quiet until I finish.

Last Wednesday I read from the report of the royal commission which investigated the relief camps in British Columbia. I shall not quote to-day from that report, but as hon. members opposite have shouted, "communist," I should like to quote some of the statements made by a man who lived in the camps before they were investigated by the royal commission. Although this man has been branded as an agitator the report is that he gave his evidence in a very intelligent manner. The report states:

> Obviously intelligent and capable of taking a broad view of the situation, he drew praise from the commissioners for his testimony—and the manner in which he presented it.

The man is reported as saying:

> They call me an agitator because I am trying to get better conditions for the men. It is not I or other men who are agitators, but the camps themselves.

That is what hon. gentlemen do not seem to want to understand. When this man was asked for suggestions as to what should be done he was again very reasonable. The report continues:

> When asked for suggestions for improving camp conditions, Cumber stated bluntly that the men would not return to the camps "under the present setup" but admitted that he did "not see how it will be possible to eliminate the camps." "We will have to have camps of some sort, but they should be construction camps or lumber camps—where men work and are paid for it—not relief camps based on charity."

I maintain that that man who has been branded as an agitator was only voicing the sentiments which have been stated on the public platform by the Prime Minister of this country. The Prime Minister stated in 1930, that the unemployed wanted, not charity but work; not doles, but wages. The men are only asking what they asked for in 1930. When these men came to put their just demands before constituted authority the first thing they were asked was, "where were you born?" That question was asked as though

any man was responsible for where he was born. I understand that our good friend Sir Herbert Holt is an Irishman but do hon. members suppose that when he comes to Ottawa he is asked where he was born? Are the members of other delegations which come to Ottawa asked where they were born? As a matter of fact we spent the good money of this country to bring those who are now in the camps into the country and when they come here to state their claims we ask them where they were born.

An hon. MEMBER: Why they were born.

Mr. MacINNIS: Yes, many of them are wondering why they were born. On June 24 the Prime Minister stated in the house:

> The government is prepared to maintain law and order by all the means within its power and calls upon all law abiding citizens to assist to that end.

One of the functions of a government is to maintain law and order but a government has also another function, to see that justice prevails within the country and that every reason for disorder is removed. When a government has removed all the reasons for disorder then and not till then is it justified in asking the people to support it in maintaining law and order. This government has not removed the reasons for discontent nor has it met the just demands of the people. They have not met the just demands of the men who are in the camps and who want work to maintain themselves. These men want to live their lives again, they want to take part in the natural life of Canada but this government has not made it possible for them to do so. On another occasion the Prime Minister stated in the house that there could be no trifling with anarchy, no playing with chaos. Could anything be more anarchic than an organization which forces young men in the prime of their physical manhood to live in such institutions as these unemployment relief camps? Could anything be more chaotic than the failure of our present social system, if we can call such an unplanned, anti-social organization a system, to distribute the abundance at its disposal in such a way as to permit everyone to live a full and natural life? To my mind that is the essence of anarchy and not the activities of anyone who has been denied his just rights by society and prevented from taking his rightful place in the life of the community.

What these men have said is only a repetition of what has been said in this country during the last five years. It is simply echoing what was said by the Prime Minister during his radio talks at the end of 1934 and the beginning of 1935. Referring to youth, the Prime Minister stated in his first speech:

> It is a tragedy of these times that men and women, boys and girls, whose minds should be given to constructive pursuits, find themselves handicapped and harassed by the uncertainties of life, and prevented by the anxieties of this present situation, from giving their best to the things which are most worth while.

I ask hon. members opposite: How are these men in the camps going to give their best to themselves or to their country as long as they remain there? In his fourth address the Prime Minister said:

> When I dwell upon these tragic consequences of the economic upheaval, I think more especially about the boys and the girls of the nation who were born in wartime or in the years after the war, who have never known the tranquility of the old days, who have, all of them, been born within sound of the drum. For, with brief, infrequent intervals, we have been in battle, one way or another, since 1914. A generation of strife; death in foreign lands, at home the furious struggle for wealth, the dreadful siege of adversity, the march of the bread lines, the resistance of brave hearts against the prospect of unchanging want.

Is not that a perfect picture of what the men in the camps have to put up with? Could anyone except the Prime Minister put it so clearly? And yet when these men come before him with just demands all he can give them is the reply that all the forces of the state will be used to compel them to go back to camps where they will still be faced with unchanging want. In the fifth speech he said, "I believe in the right of every man to state his case." I think that is the correct attitude to take, but I do not think he believed in the right to these men to state their case.

I suggest that there are many things which this government could do to meet the present situation, even if it cannot provide work and wages for the twenty thousand men or so who are in the relief camps. And the first approach to the problem is to deal sympathetically with those who are in that condition. As I said before, I pointed out the situation to the Minister of National Defence, who was kind enough to give me a half hour's interview in this matter on the last day of April or the first day of May, I forget which. I tried then to put before him the picture as I saw it after my return from Vancouver, but he did not see his way clear, evidently, to do anything. Let me ask the house this question, is it yet too late to do something? Cannot all parties in the house get together and try to do something for these men, men who we are quite convinced are only objecting to the very conditions that we would object to ourselves.

Hon. HUGH GUTHRIE (Minister of Justice): I do not rise for the purpose of replying to the history of the camp strikers as related in this house by my hon. friend who has just now spoken (Mr. MacInnis). I rise in order to make a statement as to the situation which exists at the city of Regina at the present time and has existed there for the past few days. The house will remember that a statement was made by my right hon. friend the Prime Minister (Mr. Bennett) a short time ago, after these so-called strike marchers had reached Regina, to the effect that a camp had been specially opened in the vicinity of Regina at a point called Lumsden, which I believe is twenty or twenty-two miles from Regina, and that food and shelter would be supplied to all those marchers who desired to avail themselves of the opportunity of going there. There was also available to them a large camp in the province of Saskatchewan, a little further from Regina, known as Dundurn camp, and between these two camps the whole number could be accommodated and food and shelter afforded them; and transportation to these camps was offered them.

I regret to say that very few of them availed themselves of the opportunity of going to either of these camps when the offer was first made, though a very limited number did go. Recently more have gone and to-day, I believe, something like 175 are at Lumsden camp. It is not altogether unwillingness to go to these camps that prevents the men from so doing. They are prevented by a very strict picket line which has been established by their fellow marchers under the authority of their so-called leaders, and their little baggage and equipment has been taken possession of by these leaders and they have not been able to obtain it. In other words, the vast majority of them have not been permitted to go.

There are, I am informed, something like seventy group leaders in this movement, and the groups vary in size; but they average about twenty-five men per group. They are now at the exhibition grounds in the city of Regina. On Saturday last some negotiations took place between the assistant commissioner, who is in charge of the mounted police at Regina, and certain of the strike leaders. But a rumour seems to have got into the newspapers in some way that nobody was permitted to furnish food or clothing or other supplies to the strike marchers. That rumour received a good deal of currency in the press of the country, and on Saturday afternoon about four o'clock I received a telegram from the attorney general of Saskatchewan, as follows:

Your wire received and thanks for same.

That does not refer to this matter.

I note from public press that order in council has been passed by dominion government in connection with situation prevailing here. Please wire me at once citation of legal authority under which your order in council was passed and particulars of salient features of order in council.

T. C. Davis,
Attorney General.

To this I promptly replied in the following words:

No order in council of any kind has been passed in connection with Regina situation.

I have gathered from speeches I have read in the press, and which were delivered, I think, either yesterday or the day before, that the government has been charged by my hon. friend from Winnipeg North Centre (Mr. Woodsworth) with having passed some secret order in council to prevent any person affording food or money or clothing to these destitute individuals, and I wish to repeat, chiefly for the benefit of my hon. friend from Winnipeg North Centre, that no such order in council has been passed by the government.

Mr. WOODSWORTH: Will the hon. member allow me to say that I made no such statement.

Mr. GUTHRIE: I am only judging by press reports.

Mr. WOODSWORTH: I presume the men in the camps were judging also by press reports.

Mr. GUTHRIE: And no law nor any order exists in any way, shape or form to prevent actions of that kind by any person or body of persons who seem disposed so to treat these marchers. Until yesterday it looked as if an arrangement would be made whereby the marchers would go to the two camps I have named in order that final disposition might be arranged so that they might be sent back to their camps, or individual cases might be dealt with in any case in which a man had a home to which he could go. The government was prepared to expedite the movement to the individual homes or back to the camps. Negotiations took place yesterday forenoon with the strike leaders to see if an arrangement of that kind could not be made, but the leaders of the movement insisted that it should be a mass

movement, that they should be moved en bloc back to Vancouver or to British Columbia. The situation in British Columbia at the present moment is not as satisfactory as it might be, and I think it was very properly decided that such a movement of 2,000 men back there would not be a wise or safe thing at the present time. The negotiations were carried on throughout the day, but without result, and about four or five o'clock in the afternoon the officers of the mounted police, acting under instructions, visited a certain communist gathering held in Regina and there arrested a number of the leaders, charged with offences under section 98 of the criminal code. Later on that particular meeting seems to have dispersed and to have resulted in an open meeting held in the market square at eight o'clock last night. Prior to the opening of proceedings at the market square meeting a number of plainclothes men of the mounted police proceeded to the platform and arrested others of the leaders, making the total arrests on the two occasions about twenty-four. At the time these arrests were made the city police of Regina, who are under the control of the municipality, came up upon one side of the platform, and the mounted police on the other side. The crowd which had gathered, both strike marchers and onlookers from the city of Regina, on the arrival of the police immediately cleared the square or the space, and it was thought that the crowd had permanently dispersed. However, after the lapse of a few minutes the strikers, having armed themselves with stones, clubs and various kinds of missiles, returned to the scene and made an attack upon the city police. The attack was made in the first instance by the strike marchers, and the city police were called upon to defend themselves. Subsequently the mounted police joined for the purpose of maintaining order. Shots were exchanged. Shots were fired by the strikers, and the fire was replied to by shots from the city police. No shot whatever was fired by the mounted police. They were armed with batons. I regret to say that there were a number of casualties as a result of this fire. One city policeman was beaten to death by the strikers. Two members of the Royal Canadian Mounted Police have been very seriously injured by missiles of some kind and, it is very doubtful whether either of them will recover. There were a number of minor casualties, probably forty or fifty, some as a result of bullet wounds, I am informed.

Peace and order was restored at about eleven o'clock last night, and the men were herded back to the exhibition grounds, where they now are. They are there, guarded by the Royal Canadian Mounted Police, and I think by the city police as well, and are only allowed to leave their present quarters in small contingents for necessary purposes. That is the situation as it existed last night, and as it exists to-day. Communications again have been sent forward to Regina informing the strikers that the former offer is still open to them; food, shelter and transportation are available to them the moment they will accept them—not as an organized revolutionary body—I think I may call them that—but if they disperse among the various camps to which they can appropriately go, or in the case of those men who have homes, direct to their homes, and the expense of that transportation will also be liquidated by the government. The men are not inclined to accept this offer. They are determined to have their own way. The government is just as determined to maintain peace and order in Regina, or any other part of Canada where disorder may break out.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: I am not going into the question of whether these men had wrongs or grievances. Personally I do not think they had. I agreed with the statement made last week in the house that the movement was under communistic leadership. A very large proportion of the men now at Regina never were in the relief camps at all. It is stated that out of the 2,000 odd, over 800 were mere stragglers who joined in the march, who were never in relief camps and do not want to go into them now. I think I have given a fairly full statement of the situation as it now exists.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I think one of the sentences that fell from the lips of the Minister of Justice towards the end of his speech is extremely characteristic of the attitude of the government. It was to the effect that he was not going into the question as to whether there were any wrongs of which these men complained, any evils in the camp. But that is the point at issue.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: It is not even fair that the Minister of Justice should seek to do to-day as the Prime Minister did the other day, divert the attention of the country from

the real point at issue. We have had these camps now for nearly four years. A considerable number of young men have been interned during that period.

Mr. COTNAM: Just two years.

Mr. WOODSWORTH: Four years, a period as long as that of the war. It was bad to be in the war for those four years, but I submit that then the men had hopes and believed they were fighting for a cause, but these young men have been interned, some of them, for four years—

An hon. MEMBER: They are not interned, they are there voluntarily.

Mr. WOODSWORTH: —without hope, and with a sense of great injustice. Someone says they went there voluntarily. Technically that is true, but what was the alternative? As we have pointed out again and again, if they would not go into the camp they were on the streets, either to starve or become criminals. Those were the alternatives for the majority of those young men. Now conditions were bad. I am not going to repeat what I said here as late as Thursday evening last in connection with the supplementary estimate for an additional amount to be granted for national defence. I quoted from the report of the commissioners who were appointed to investigate these camps; briefly they pointed out that while on the whole conditions were not so bad, there were some very specific evils that had been rankling in the minds of the men, and they said, although it did not really come within the terms of their commission, that one of the greatest evils was that these men were required to work without wages and without hope, and they could not see how the men could maintain their morale under those circumstances. So in desperation the men started to go to Vancouver to call the attention of the public to their plight. Remember that these men have no hopes of remedying their condition even by the coming election, because if they return to their camps in practice they are prohibited from voting because no voting facilities are provided. A bill to give them such privileges, introduced from this corner, was refused by the house. That is the situation.

They came into Vancouver some months ago. At that time we tried to secure the opportunity of discussing the matter as one of urgent public importance. It was declared not urgent at that time. Later on, when they reached Regina, again we tried to discuss the matter. Again it was said that the matter was not urgent, and we ventured to say there was danger of a clash if the government persisted in its policy. Unfortunately that clash has come, and I want to warn this government that if it maintains the attitude it has maintained during the last few weeks there is very great danger that future clashes may come. There is no doubt of that.

Some hon. MEMBERS: You encourage it.

Mr. WOODSWORTH: No, I am not encouraging it. I think it is most unfortunate that we cannot rise in this house to advocate policies that we believe are in the interests of law and order without being accused of trying to discourage law and order. I firmly believe that I am advocating those policies which will ensure law and order in this country. I think it is a terrible tragedy that on July 1 of this year, a day that ought to be celebrated with rejoicing by all Canadians, some two thousand men should be forced into a position where they cannot very well maintain their respect for the government and where they are led to feel a sense of injustice, and further than that, where the twenty thousand young men like these, who are still in the camps, must be encouraged to feel that the government is indifferent to their situation.

That is the situation that has arisen. Now I come back to the alternative offered by the government. When the delegates of these men came here a few weeks ago each of their "demands" was refused. The proposals they made were not unreasonable. On Thursday evening last I took up this matter in detail; those demands were far more reasonable than I imagined they would be, yet the government turned them down flat and simply told them they must go back. Then the government made their counter-proposition; they proposed that the men should go to the camp at Lumsden and from there back to the camps, to the very conditions from which they had come, without the slightest indication on the part of the government that there would be any improvement in those conditions or any change of policy. Do the members of this house realize how provocative action of that kind is? Surely it was no easy thing for them to come all the way down from Vancouver to Regina, hiking as they did, overcoming a great many discouragements and hardships, simply to be told to go back and forget all about it, which was practically what happened. It is quite true that at Lumsden they might have received food and clothing, but they had been getting that back where they had come from. It was against the kind of food and clothing they were getting and

more than that against the lack of wages and the general policy of the government that they were making their protest.

I have no doubt the minister has put the best possible face on what happened yesterday; probably he is quoting from reports that have come to him. I have had reports from disinterested eye witnesses that do not correspond to the statements the minister made in the house to-day. I would say that these men were assembled in a perfectly peaceable way; there was no disorder whatever until the two forces of the police came upon them and ruthlessly drove into them. The minister gives us the impression that it was the strikers who started the difficulty. I say they were having a peaceable meeting, attempting to secure further funds with which to carry on their own work in their own way, because they were almost at the end of their resources, and at that legitimate meeting they had the police come upon them. That is not altogether in keeping with the statement of the minister, and on this question I do not think we ought to take a mere departmental report. If ever there was a case for a thorough investigation by a royal commission surely it is in connection with a riot of this kind in which men lost their lives, men on the government side, the police side, who were ordered by their superiors to do this job, and a dirty job it was, while on the other side some of these men were shot down.

Mr. BAKER: We prefer the report of the minister to the report of your friends.

Mr. WOODSWORTH: It may be quite true that the leadership of these men has largely come into the hands of communists. The other day I admitted, from the best information I could get, that this was true. I am sorry it is true; I think they would have been better led if they had followed other advice, but may I point out that only a comparatively small number of these people are communists. The great majority of the men are not communists; only a small proportion of them are, and unless there were very great grievances on the part of the men it is inconceivable to me that some sixty or seventy leaders, as I think the Minister of Justice (Mr. Guthrie) put it, could control these two thousand men. That statement in itself is ridiculous. If a large number of the men wanted to return to their homes; if they found that they had been misled, they would throw overboard the sixty or seventy men whom the Minister of Justice says are in a position of leadership. It is reasonable that men who endured all these hardships would allow their little bits of baggage to be kept from them by some sixty or seventy men? I cannot conceive it for a moment. The fact is that whatever their leadership they have behind them a sense of injustice which has led them to follow almost any advice they have been offered. Unfortunately I think they are more inclined to follow advice which urges them to direct action or to radical action.

That is another point in my mind, and I think this is a serious question. I should like to know how many of these so called leaders are government spies. I know enough about the labour movement to be able to say that whenever I have been making speeches among the miners of the west and so on, at which somebody has gotten up and urged violence, I have had these men come to me again and again and say, "Beware of that man; he is a police stool." That is what the men believe. We know what happened in Calgary years ago in the case of Corporal Zaneth, who sold literature which he knew to be banned and then got the men into trouble. We know of a more recent instance, the case of Sergeant Leopold, who was the informer in the case against the communists not long ago. We know how these men wormed their way into the organization, and how they stood ready to play the part of the police if necessary. Only a few years ago in this house we had estimates—under a former government; I am not blaming this government for it—covering moneys paid to American detective firms in the employ of the Royal Canadian Mounted Police. I am told that that practice has been discontinued, but this practice of espionage has not been discontinued, and we cannot tell how many agents provocateur there have been among these so called leaders who are under communist domination. I do think the fact that lives have been lost and that a large number of people have been injured in itself is an indication that a thorough investigation into the situation should be made promptly by disinterested parties. I am not asking that my charges should be accepted, but I am not content that the departmental records should be taken as final. I urge there should be an independent investigation and, above all, I submit that the riots are a justification of the action hon. members in this corner have taken in condemning the present policy of dealing with these young men. I would like to know now who is responsible for the shooting. I think we ought to know that; who is responsible? I would like to know under what authority this was done. This is only one series of a number of events which have taken place recently. Further, I would like to know from the

government under what authority men were refused permission to move out of Regina. It is quite true that at least technically they were trespassers in their use of the railways. But it is common knowledge that throughout the past six or eight years men have been riding on freight trains, and only on occasions have they been checked up. It is common knowledge that these men came from Vancouver to Regina on freight trains, and that the government did not do anything to stop them. The Prime Minister may say that they had not the necessary force; that may have been the case, but the government connived at that kind of thing, or condoned—use the word you like. Then all of a sudden, when it suits the convenience of the government we are told we must preserve law and order and must prevent trespassing on railway property. That is the kind of arbitrary action which is undermining respect for law and government.

We were told that these communists who were arrested some years ago and sent to Kingston penitentiary were dangerous men, that communists were outlaws of society. Yet, in the name of the communist party newspapers have been published all along, communist candidates have stood for election, and no action has been taken by the government. Can they escape their responsibility? Personally, as every hon. member is aware, I am opposed to section 98 of the criminal code. As every hon. member knows this house has five times in succession expressed its disapproval of and voted to delete section 98. I am opposed to it, I say it is little less than a disgrace when we find that men who are not proven to have committed an overt act or to have incited to violence should be sent to the penitentiary. That is un-British legislation, but it is on the statute books, and in that regard probably the government is acting within its legal rights. I want to say this however, that the government knowing that—knowing that they have the force—have not taken action. Personally I am glad that these communists are free, because although they are a dreadful embarrassment to us of the Cooperative Commonwealth Federation—

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: Although they denounce us; although the leader of the communist party has gone into the constituency of the hon. member for North Winnipeg (Mr. Heaps) and has put the whole organization of the communist party behind an effort to defeat him—despite all that I say that the place to defeat communism in a democratic country is at the ballot box. That is the place to defeat the communists—and not by arresting people who do not agree with our political opinions.

Mr. ROWE: Start it in your riding.

Mr. WOODSWORTH: I can quite understand why some hon. members opposite seem incapable of understanding how I can plead for the rights of all men, and particularly when the liberty of communists happens to be the particular point at issue. I am pleading for their rights, not because I love communism or because I am cooperating with communism, but because I have at heart the old teaching of our childhood days, namely, that the British citizen has certain inalienable rights, and I believe that those rights should be preserved.

This has ceased to be a matter affecting only the communists, to-day it is becoming a fight for civil liberties. I am not a lawyer, I should like to know under what authority these relief camp strikers who refused to return are to be deemed communists. That is the story in the paper. I should like to know whether or not that story is true, namely, that the authorities have taken the ground that they are to be deemed as communists.

Mr. LOUCKS: They have been led by them.

Mr. WOODSWORTH: All right, but I would like to know upon what authority the government has taken its action. I am glad to learn there is no such secret order in council as that about which we read in the press. The Minister of Justice (Mr. Guthrie) stated that according to press reports I had made that statement. The press is very often in error, and it was in error in that respect. I never made the statement, although I knew certain reports appeared in the press. I tried to be sure of my ground. The first thing we did this morning was to see if we could get any track of that order in council.

But, supposing there was no order in council—and we have to accept the minister's word—then, by what authority was action of this kind taken? It is only a little more than a week ago since the premier of Saskatchewan urged that the dominion government should keep out of this business,—hands off. Yet the dominion government has gone ahead. A week or two ago the Prime Minister assured us that he could not interfere unless he were asked to do so by the province. That was when the men were in British Columbia.

Now that they have reached Saskatchewan he has interfered, over the heads of that province. I should like to know by what authority he has acted. Is it the authority under the unemployment relief scheme through which the government were given broad powers to preserve peace, order and good government? If that is so I believe I am correct when I state that at the time the bill was passed we were given the assurance that action would be taken only in an emergency and only when parliament was not sitting.

Mr. BENNETT: It is so written in the statute.

Mr. WOODSWORTH: Well then, if that is in the statute I should like to know why action of this kind—action which I believe is quite arbitrary—should be taken while parliament is in session. Again and again we asked that this matter be considered in parliament, but we were refused the opportunity to discuss it. Then, suddenly, the police presumably acting under the instructions of the government have taken very drastic action resulting in tragedy. Even if that action of the government is, in the narrow sense of the term, legal action, is it in harmony with the British constitution to find that with parliament in session the government should take action of this kind? I do not so understand it.

Communists may be a menace to democracy, but in all seriousness I submit that the arbitrary action of government is a greater menace to democracy. I repeat, it is a greater menace to democracy. Surely men have a right to meet in an assembly,—and apparently that is all they were doing the other day. They have a right to move freely up and down the country; apparently that is all they were attempting to do, but they were blocked in their efforts.

Apparently the people have a right to receive assistance. I do not know where the report in the press to the effect that they were to be given no help came from. I was not responsible for the action of the provincial council of the Cooperative Commonwealth Federation which met in Ontario a few days ago, but I must confess that when they said they would forward a few dollars in defiance of any such action as that reported to have been taken I was not unsympathetic. We must maintain some rights in Canada. Above all, and more serious than anything else is the consideration that the people of Canada have a right not merely to freedom of movement, freedom of action and freedom of association, but they have the right to live,—and to live decently. That right is not being accorded to these 20,000 young men who have been placed in military camps.

Mr. SPENCE: They were not forced to go there.

Mr. WOODSWORTH: I have answered that again and again. There is such a thing as legal compulsion, and there is such a thing as compulsion by hunger, which is much more serious. Gentlemen who are well fed have difficulty in understanding that kind of thing.

Mr. COTNAM: You are not suffering yourself.

Mr. WOODSWORTH: No, I am not suffering, and I am glad that there are some of us who are not suffering at present who are prepared to stand up for these people. I hope the time will never come when I shall be so well fed and comfortably placed that I shall refuse to fight for the under-dog. Some people say that this is poor politics. I do not care very much whether it is poor politics. I know there are gentlemen opposite who will go out on the hustings and say that we are allied to the communists. I know that we have to run the risk of that, but that does not matter. I intend to stand here and plead for the rights of these boys who are not given a fair chance in life.

Mr. COTNAM: Feed the hungry babies in Winnipeg?

Mr. WOODSWORTH: What is that man talking about? The price spreads report brought to light some facts of the situation which some of us had been trying again and again to bring to the attention of the house and which unfortunately have been felt in the lives of tens of thousands of our citizens.

There is one other point. I still hear people say that these men do not want to work. There may be a few who do not want to work. I would not want to work under the conditions under which they are called upon to work—no wages, and with this condition going on year after year, with no hope in life. But I submit that the great majority of these men have been anxious to work all along, and what they are pleading for to-day is work and wages. That is a reasonable thing to ask for—it is fundamental. That is what they ask of this government.

I would say in conclusion that there are two or three things I want specially to bring to the attention of the government. First of all I urge that the police should not be given instructions or permitted to ride down the people as they have been doing in the recent past. The mounted police force has either secured or is assuming to have power that ought not to be given to a civilian force. Further than that I ask of the government, because of the riots and the seriousness of the situation, that a commission be appointed to investigate the conditions that prevail to-day and the situation which cause the riot.

And thirdly, and more serious and more fundamental than all, I do again plead with the government that before this house prorogues, and I think they can do it with the support of every party of the house, they revise their scheme for dealing with these unemployed young fellows and give them work and a place in life that will be worthy of young Canadian citizens.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I think the Prime Minister was wise to have afforded an opportunity for a discussion of this particular matter, and I believe he would have been equally wise had he afforded the opportunity on two previous occasions when there was a motion before the house for its adjournment in order to permit the discussion of the situation with respect to the condition of these homeless men who were still in Vancouver and were about to come here. That opportunity was requested in the manner which the rules of the house provide but it was refused on both occasions.

Mr. BENNETT: By the Speaker.

Mr. MACKENZIE KING: The Prime Minister says it has been refused by the Speaker. May I point out to my right hon. friend that if he had had the same attitude then towards the situation which he has to-day he would have found it possible to accord the same method which he has permitted to-day.

Mr. BENNETT: One was supply, the other was not.

Mr. MACKENZIE KING: It was easy for the Prime Minister to arrange for the house to be moved into supply to-day, and it would have been equally easy to have adopted the same course on the other occasions. I believe the Speaker was reflecting the attitude of mind of my right hon. friend at the time when he gave his decision that the matter was not of urgent public importance. Certainly those of us who supported the motion believed it was a matter of urgent public importance, and that unless some action were taken by the government of a conciliatory character it was almost inevitable that sooner or later something in the nature of a tragedy would be the outcome of the situation of these men moving in large numbers east, regardless of what their particular views on social questions may be.

As I say, no one can say whether or not the failure to have that discussion has been in any way a contributing factor to what has since taken place, but we do know that the situation at the moment is as serious as any with which this House of Commons could expect to be faced at this particular time. I feel that something more is necessary at this moment than merely to discuss the question in the light of what we have in the way of newspaper reports and what we have by way of statement from the Minister of Justice of the government's position. I think the government should immediately bring down all correspondence that has taken place between the government of Canada and the government of Saskatchewan in regard to this matter.

The question has been raised, and properly raised, as to the authority of the two governments in the matter of maintaining law and order. I remember very well how emphatically the Prime Minister said at the beginning of the discussion of this question that the maintenance of law and order was a matter for the province and that the federal government could not intervene without the attorney general of the province in the first instance requesting the assistance of the police, and I have never been able to understand just how the government was able so completely to reverse its position in that matter. I recall what was said in connection with the protection of railways, namely, that there was a power given to the government in that connection which did not otherwise exist. But I have never quite been able to see just how it was that these unemployed men found it possible to leave Vancouver in such large numbers as trespassers on the trains and not be stopped before they left either Vancouver or some other part of British Columbia, not be stopped at Calgary in the province of Alberta, and then finally be stopped and landed in the city of Regina. I say I think something more in the way of explanation of that circumstance is necessary before the public mind will be satisfied that it was all just as represented by my right hon. friend and his friends opposite.

I feel that what is most important at this stage, because I do not imagine for one moment that this is the last time that this subject is going to be discussed even in this session, is that we should have all the correspondence which has passed by telegram or letter between the government of Canada and the government of Saskatchewan in relation to the situation. That correspondence I would ask the Prime Minister to endeavour to have tabled to-day if possible. I make the request for to-day because all of us are anxious not to prolong the proceedings of this parliament to a later date than may be absolutely necessary, but I do not think this house should be permitted to end its proceedings until we have before it all the correspondence that has passed between the two governments.

I think in addition, Mr. Speaker, the house should know from the government what instructions have been given to the police. This parliament represents the people of Canada. Every person in the Dominion of Canada is represented by this House of Commons. It is in the interests of all of us, in the interests of the country at large, that there should be the fullest publicity in regard to this matter. In that connection there should be no secret orders, no secret instructions whatever. Whatever instructions have been given to the police should also be tabled by the government at the earliest possible date. The advantage of discussion in a matter of this kind has been very clearly shown this afternoon by the denial of the Minister of Justice of the rumour that a secret order in council had been passed under which people, even those with the best of intentions, were forbidden to give any assistance to these homeless men whom we refer to as marching strikers, or assist in any way possible those whom they might see in the greatest need so long as they were members of that group. I am glad that no order in council of the kind has been passed. May I however direct attention to an article which appeared in the Toronto Star of Friday, June 28, and in connection with which it may be necessary to have further explanation. This is a special dispatch to the Star and is headed as follows:

R.C.M.P. to Prosecute Those Feeding Strikers.
Forbid "Lifts" as Well.
Police Halt Attempt to Leave City by Truck—
Report Treckers "Army."
Hint at Own Camp.

Regina, June 28.—Royal Canadian Mounted Police have clapped the lid down tighter on the "on to Ottawa relief strikers." Colonel S. T. Wood, assistant commissioner, has issued instructions that any person supplying the strikers with food or accommodation will be prosecuted.

There is nothing there which refers to a secret order in council or any other kind of order in council. The article simply states that the assistant commissioner had issued instructions that any person supplying the strikers with food or accommodation would be prosecuted. I do not know whether the Minister of Justice (Mr. Guthrie) will be able to say immediately whether any instructions of that kind were issued by the commissioner.

Mr. GUTHRIE: No instructions of the kind were issued that I am aware of.

Mr. MACKENZIE KING: I am very glad to have that further assurance as it bears out what I have said as to the wisdom of getting the fullest information on all these matters which are likely to enter into a discussion of this question.

Mr. WOODSWORTH: Will the officer be disciplined?

Mr. GUTHRIE: I do not know that the article is true; I have no reason to believe that it is.

Mr. MACKENZIE KING: It affords one more ground for an inquiry. There should be a full investigation into all the facts and circumstances surrounding the present situation. It is evident that at least one life has been taken as a consequence of what has already taken place and there surely is need for the fullest inquiry into circumstances which brought about a tragedy of the kind. I do not think the government can escape having a very full investigation into that particular incident and of the group of incidents associated with it. Apart altogether from what has happened up to the moment, if a worse situation is to be prevented within the course of the next few days or weeks, it is important that word should go out immediately that an inquiry is being instituted which will allow the public to have the fullest light possible on the whole situation.

In connection with this investigation I should like to point out that the government at Ottawa and the government of Saskatchewan are alike interested in having the fullest particulars given to the public. The government of Saskatchewan has its responsibility with respect to the maintaining of law and order just as much as the government at Ottawa, or, I should say, more, if the statute, which governs in these matters is to be observed. I think that the investigation which takes place might will be conducted by representatives of the government at Ottawa and the government of Saskatchewan. I do

not believe that an investigation carried on at the instance of one government alone would be sufficient. There is no reason why in a matter of this grave importance and consequence there should not be an inquiry carried on jointly by eminent gentlemen appointed at the instance of both governments.

I should like to read two telegrams which I have received since coming into the chamber this afternoon. I hope that the reading of these telegrams will help to establish the necessity of much more in the way of explanation of the situation as it has arisen in Regina than has thus far been given in the house by the Minister of Justice. These two wires indicate very clearly that as between the authorities at Ottawa and the authorities at Regina there has been a distinct difference of view as to who was to exercise or be permitted to exercise full responsibility for dealing with the situation that has arisen. The first telegram is from the Hon. James G. Gardiner, the premier of Saskatchewan, and refers to a telegram sent to the right hon. the Prime Minister (Mr. Bennett). In reading this telegram I submit that the representations it contains are as much entitled to the acceptance of this house as are the representations of the Minister of Justice, especially where there is a conflict between the two. The sooner the apparent difference of view is cleared up and we get an accurate knowledge of the situation the better we will be able to proceed further with what will necessarily be a subject of discussion for some time to come. The wire is as follows:

Regina, Saskatchewan,
July 2, 11.25 a.m.

Right Hon. W. L. Mackenzie King,
Leader of the Opposition,
Ottawa, Ontario.

I have to-day wired Premier Bennett as follows: "Yesterday morning men indicated to your representative Mr. Burgess their willingness to disband the march and return to the points from which they came. They repeated this to Mr. Burgess and representatives of the police at 2.30. Your representative refused to have provincial representation at that meeting. The men met us at five o'clock stating that since your representatives had refused to consider this the provincial government take responsibility for disbanding men to their original camps or homes and supply them with food in the interval. While we were considering this matter police raided public meeting to arrest leaders, precipitating a riot. Men at present in buildings at fair grounds completely surrounded by police who permit no one to enter and men to leave only in twos. Police intention to force these men to Lumsden camp or starving them into submission. This will end in a worse riot than last night. These men should be fed where they are and immediately disbanded and sent back to camps and homes as they request without any attempt to force them into Lumsden and this should be done within next two hours. This government has a responsibility toward its citizens to provide them with ordinary protection against this imported trouble. We would ask you to immediately withdraw orders issued affecting the liberty of individuals within this province and affecting the law and order of this province. You might assume that we are as much concerned about law and order in this country as you can be and deal with the elected representatives of this province regarding matters concerning our people instead of through an appointed political representative. We are asking you if you are going to feed these men within the next two hours and are asking you to instruct us within two hours what plans are to be made for their disbandment."

James G. Gardiner.

When the hon. member for Winnipeg North Centre (Mr. Woodsworth) rose in his seat I was about to make an inquiry of the Prime Minister based on this telegram as I regarded it as a matter of great importance but when I saw the hon. member rising to speak I waited to hear what he had to say. What the Minister of Justice has since said has in part answered this telegram. I understand from the minister's remarks that the government is undertaking to feed the men but I have not got quite clearly the government's plans with respect to their disbandment and the government requiring that they should return to the camp at Lumsden.

Mr. GUTHRIE: To feed them, to provide shelter and transportation to Lumsden or Dundurn; to disband them and send them back to their camps or to their homes, but not as an organization such as they contemplated yesterday.

Mr. MACKENZIE KING: I am glad to have that further word of explanation from the minister. The other telegram which I received just a moment ago is from the Hon. T. C. Davis, attorney general of Saskatchewan. It refers to a wire sent to the Minister of Justice, and reads:

Regina, Saskatchewan,
July 2, 1935. 11.58 a.m.

Right Hon. W. L. Mackenzie King,
Ottawa.

I have just wired Minister of Justice as follows:

"In connection with strikers your government instructed R.C.M.P. officials here direct from Ottawa without our knowledge or concurrence. Upon our protest you maintained you had right so to do because contemplated actions were being taken under the Railway Act, a dominion enactment. When it became apparent that men intended to proceed from province by highway police instructions indicated that again you were instructing police direct without our knowledge or concurrence. When I inquired from police authorities as to your right so to do I was advised that you

were acting under relief measures act and order in council passed thereunder which had the effect of giving you control of the situation and the right to instruct police.

I have traced the history of this act and 1931 enactment expired in 1932 and 1934 enactment expired in March this year. I believe further act introduced this session but have no knowledge if it has become law and in any event if it is law as introduced it expressly provides that the governor general in council has no authority to pass order in council thereunder when the House of Commons is in session. You then instructed police authorities without our knowledge or concurrence to proceed under section 98 of the criminal code. The duty of enforcing criminal law is upon the government of this province but you are instructing police in connection with the enforcement of the provisions of the criminal code. You have appointed lawyers to prosecute and you have entirely ignored regularly constituted provincial facilities for the conduct of the prosecutions. This action on your part has gone too far now. I demand that I be advised forthwith as to whether you consider the enforcement of the criminal code in this province is your responsibility or ours and I demand that you forthwith instruct the police to take orders from me and from me alone in connection with the enforcement of the provisions of the code in Saskatchewan and I take this stand because of the provisions of the police agreement and the provisions of subsection fourteen section 92 of the Brtish North America Act which imposes the responsibility of the administration of justice in the province upon the provincial government.

That is the end of the quotation. The telegram goes on:

> You will see that action of federal government up to a few days ago has been taken under alleged order in council passed under relief measures act which does not permit order in council while house in session. Federal government is absolutely usurping the powers of the province in connection with the administration of justice.
>
> T. C. Davis,
> Attorney General.

The reference to the act which that telegram contains, the act respecting relief measures, which was passed at this session, is accurate in what it states as to the provsions of this measure not being applicable while parliament is in session, because section 3 reads:

> In addition to the powers conferred under the provisions of any statute or law the governor in council may, when parliament is not in session, 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 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.

It will be apparent from what I have read that a question which may give rise to conditions even more serious than that of the manner in which the particular strike marchers have been dealt with is disclosed in the apparent conflict between the Dominion of Canada and the province of Saskatchewan as to their respective jurisdictions in the matter of maintaining law and order. I should like to know from the Prime Minister whether he has abandoned the view that the provinces are responsible for the maintenance of law and order—that such is the primary responsibility of the province—and, if he has not, I would ask him how he or the Minister of Justice can justify the action which thus far has taken place and is taking place at the moment, of federal officials acting under directions from the federal government, taking in one of the provinces of the dominion a course of action which is contrary to that afforded by the authority given in the statutes, and which is provoking a serious difference between one of the provinces of the dominion and the dominion itself.

As I said at the outset, I do not wish to debate this subject at this stage because I do not believe it can be debated with fairness to all concerned without our having before us the documents and the records which will help to explain the situation fully. I repeat, however, that the matter is too serious not to be cleared up before this parliament prorogues, and I hope that my right hon. friend will agree to place on the table of the house within a few hours the entire correspondence that has passed between his office and that of the Premier of Saskatchewan and between the office of the Minister of Justice and the government of Saskatchewan, and also any instructions that have been given to the police, so that we may have them before us to read and consider, that later on we may be in a position to discuss this matter further. I should also be glad to hear what the Prime Minister has to say in reference to the representations made in the wires I have just read.

Right Hon. R. B. BENNETT (Prime Minister): I deprecate very greatly the suggestion that those who for the moment are charged with responsibility are less considerate and thoughtful of the rights of individuals than others who happen to sit opposite. I do not believe that, man for man, the men who sit opposite to me have any greater heart or finer sympathies or a greater desire to serve their fellows than those who sit on this side, and I say to the hon. member for Winnipeg North Centre (Mr. Woodsworth) that when I read his speech—it may have been incorrectly reported—in which he said that we would welcome bloodshed and use force, he did violence to what I conceive to be the decencies

of life. To suggest that anyone on this side of the house desired to cause bloodshed or to use force against individuals is as false as it is possible for a statement to be. But on the other hand it is equally true that so long as we are charged with responsibility, be it short or long, we will discharge it. And I think the most unkind suggestion contained in the opening observations of the right hon. gentleman opposite, that because this house did not afford a further discussion of this matter which was at the time in the condition in which it then was, because the Speaker said that it had been formerly discussed—to say that this was a cause contributing, to what extent the right hon. gentleman would not mention, to what had happened in Regina yesterday, is in my opinion an unworthy observation, an observation unworthy of any public man who has had responsibility.

Mr. MACKENZIE KING: I said that no one could say whether or not it had been a contributing cause.

Mr. BENNETT: I was careful to listen to what the right hon. gentleman said. Now what are the facts? The facts are that the Speaker ruled that the matter in question had been discussed in this house on previous occasions and there could be nothing urgent about the continuation of the same matter, and he ruled within the section, just as his predecessor had done, that this was not a matter that came within that provision. From that ruling a member appealed. The right hon. gentleman voted to reverse the Speaker's ruling; we voted to sustain it, and in my judgment the Speaker's ruling was correct. As a matter of principle it was correct; where in this house there had been a discussion of a matter which was prolonged, extending over many days, it would seem to me to be fairly reasonable to say that there was no such urgency as necessitated the adjournment of the house for its further discussion. And so far as I know—I have not been in the house every evening—when supply was taken there were opportunities to discuss these matters; and to-day when the hon. gentleman proposed the adjournment of the house I certainly believed that we should call supply to afford him an opportunity to discuss the matter. One cannot read what took place without a feeling of deep regret. One cannot read it without realizing that one who had sworn to protect the life and property of the city by which he was employed has lost his life, and lost it at the hands of others than the police. Two of the mounted police are lying at death's door, as a result of attacks upon them last night in the city of Regina. The question of fixing responsibility is one which doubtless a coroner or coroner's jury will inquire into; there must of necessity be an investigation. I am not in any sense going to endeavour to anticipate what the coroner may do or what the decision may be, but one thing I desire this house and this country to understand, that is that not a mounted policeman last night had a bullet in his holster; not one. The instructions were definite, having regard to what has transpired in various parts of the world in recent years, and they were obeyed. There were no cartridges in the hands of any member of the mounted police last night. Yet this afternoon there are mounted policemen lying in the hospital shot with bullets. The Minister of Justice reminds me that the question of whether they were shot with bullets has not been determined. Well, there were men injured who were shot, I will put it that way. He says that it may be that these two men were not injured with bullets, but there were men injured with bullets. Those are the naked facts.

Was the assembly last night an unlawful assembly? What did the leaders say who travelled west from here? What did Evans say? What did he say at Sudbury as reported in the public press? He said that blood would flow in the streets of Regina. What about the young men who have said they were invited into this movement as an adventure? They looked upon it as a great lark, and when they found what its true character was, they could not withdraw from it. Why? Because they were terrorized and controlled by these leaders. The Minister of Justice has mentioned the numbers of them, some seventy or so, but seventy leaders of the calibre of those who came here are capable of directing the activities of many hundreds of men, as every one knows. Let it be understood by this house this afternoon that these men, hundreds of them, were never in any camp in Canada, never received either clothing or food or shelter from this government or any other government, they were picked up as this crowd moved across the continent by appeals made to them by men who declare openly that they are communists. They have seen fit to make known their demands to little lodges scattered throughout this country, which, in turn, send on the facts as they see them; telegrams pour in upon me by dozens and by hundreds, one from New York, demanding in the name of the United States that certain things should be done. I read you one from Paris the other

day. All across this dominion are gathered together little bands, which demand that we do certain things.

I am informed and I believe that this movement is, as the Minister of Justice has said, not a mere uprising against law and order but a definite revolutionary effort on the part of a group of men to usurp authority and destroy government. Those who are familiar with what happened in one city of this dominion at one time will appreciate how there may be a partial realization of their hopes and expectations in that regard, for no one who has read of what took place at that time, of the taking possession of government, the endeavour to police the city and to order its activities, to control the feeding of the people with a system of cards under allotments, can fail to realize the danger that confronts us in such a revolutionary movement as that. Some of these telegrams that come are signed with very strange names, such as the Junior Band of Communists. They now openly call themselves communists, no longer disguising themselves under some fictitious name, but glory in calling themselves communists and indicate clearly what their purpose is. Declarations were made by the leaders of this group in Regina, gathered together in the manner I have stated. I have stated as clearly as possible that they were not only those who came from the camps, with them I shall deal presently, but they were an aggregation of all those who had been attracted to this movement, some as a lark, an adventure, some for the purpose of finding opportunity to give effect to their opinions by the destruction of organized authority.

That was the position last night in Regina. Tear bombs were used in an endeavour to quiet the disturbance without injury to person. The city police were not under control of the federal power in any way, this government had no authority to direct their actions. They took their action I believe for the preservation of life and property in the city they had been sworn to protect, and one of them died in the discharge of his duty, killed by those who defy law and challenge authority. That is rather a solemn thing to contemplate. Now that a question has been asked I will ask the hon. member for Winnipeg North Centre (Mr. Woodsworth) a question. I wonder if he has ever thought of the implied approbation of the action of these men that is involved in the speeches he has made. I wonder if he ever calmly paused to consider how much they have relied upon the voice in parliament of their spokesman to make known their opinions. And when they go to extreme action to serve their ends I wonder if then it does not occur to him, as it did this afternoon when he was denouncing them for having made inroads in the Cooperative Commonwealth Federation, that it is far too late now to quell the monster, the Frankenstein he has invoked. He has conjured up a spirit that will not down. There is no thoughtful man in this country who does not know that you cannot go about Canada talking the loose sort of talk that has been going on during these months and years by the hon. member for Winnipeg North Centre, and by his colleague the hon. member for South Vancouver (Mr. MacInnis)—

An hon. MEMBER: And Bow River too.

Mr. BENNETT: —without resulting outbreaks. One realizes the extent to which this incitement has carried these young men. Listen to them, hear what they say. Misled, misguided, easily influenced, not inmates of camps at all, never were, dragged out by this insidious propaganada to do what? To be in the forefront of the disturbance while those who led them were sitting quietly in the background seeing them suffer. That has been the history of it.

Now under these circumstances let us review the situation so far as Vancouver is concerned. Vancouver's mayor led the procession one day and headed the police the next—not literally the next day, but that was what happened. All the time we were crying aloud to the premier of British Columbia, saying that we were ready, willing and anxious to do anything that might be necessary, the cry that went forth was " work and wages," the incentive to further acts of disturbance and further efforts against constituted authority. That is a solemn thought, when you think of the easily impressionable minds of younger men, governed as they are by these leaders with treason in their hearts and the destruction of our institutions as their end, and when you find those who sit in high places, those who govern and control, not using their authority but tacitly, by the demands they make, giving them encouragement to seek the ends they have in mind. I say, sir, there is not a thoughtful man in this country who has read what has transpired in Canada during the last two months who does not realize that by resolutions passed by this body and that, by resolutions and telegrams of sympathy, by expressions of good will for those nursing what they regarded as a grievance, every day these people have become bolder in their conduct because of the reception they received from those they believed to be their friends.

That is the fact. As I stated the other day, in some respects it does credit to human sympathy. Man is a sympathetic creature and when he sees his fellow less fortunate than he, if he has money he usually puts his hand into his pocket and gives him the price of a meal, as he calls it, though very often it is for a drink. He gives him assistance wherever it may be necessary for the purpose of providing him with comfort, we will say, when he lacks it, or with shelter when he lacks it. He makes contributions to organized institutions in the country, and what are the organized institutions? You can go into any great city and start with the Salvation Army, the homes of refuge, the homes maintained by the charitable organizations, the nuns and the churches of the country. Look at them; night after night they are open to receive those less fortunate than others, offering them solace, food, comfort and, if possible, some clothing; endeavouring to make life, shall we say, possible to those suffering misfortune. One of the things I sometimes feel, and that I think most men feel as they look about them, is that the effort to substitute governmental for human aids and efforts has had the effect of somewhat dampening human sympathy and the power of men to share the hardship of their fellows.

Those are the conditions to which I refer. Will anyone deny them? When the government of this country found that these young men without homes were drifting backward and forward across the country they organized these relief camps, not as long ago as the hon. member has said. These camps were organized as a temporary—and only a temporary—shelter to provide food and clothing and to enable the men to live in comfort at the expense of the state until the time should come when they could find profitable employment. Now let me read something. I sent for the report which I have on the operation of these camps, and I wish to direct attention this afternoon to a few words from that report. I have not time to deal with the matter at length; if the statements made were not so serious I should not think of dealing with them at all. Just listen to this:

Discipline

From the commencement of this scheme of relief, administered by the Department of National Defence, it has been the policy that personnel engaged on the relief projects should remain as civilians and be treated in a manner similar to that obtaining in ordinary camps such as those established by contractors for construction purposes, timber operations, etc.

A man is free to leave a project at any time and in the case of a man who desires to leave a project to accept other employment and furnishes definite proof of the offer of a position, he is provided with free transportation for a distance not exceeding the distance from the project to the point of his engagement.

No powers of compulsion have been taken by the Department of National Defence and control of personnel is exercised by an appeal to their reason and intelligence, not to their fear of punishment. If a man refuses to comply with the simple regulations which are no more stringent than those of a well conducted construction or lumber camp, he is discharged. Any man who considers that he has been unjustly treated or has a legitimate complaint, may carry his complaint to higher authority provided he acts individually. It is a definite rule that committees, combinations, or mass protests, will not be received or considered. The method of dealing with complaints is receiving attention with a view to clarifying the procedure now in force. Note: Instructions were revised accordingly on May 4, 1935.

Then reference is made to the questions of sabotage and the distribution of subversive literature throughout the camps. In other words the regulations endeavour to make it abundantly clear that the young man who behaves himself and conducts himself as he would in an ordinary camp receives every consideration that can be accorded him, and at the first opportunity for work he can go to that work and his transportation is paid. Let me go a step further. It was felt that education should not be neglected, and here are the regulations with respect to education:

When the scheme for the care of unemployed, single, homeless men in camps administered by the Department of National Defence was instituted it was realized that provision of facilities to enable these men to retain or improve their mental efficiency was of paramount importance. Steps were taken, soon after the camps were established, to provide teachers, either from the relief personnel themselves or through the Frontier College, an organization that is supported entirely by voluntary subscriptions from the public generally.

By arrangement with the Frontier College, selected men, who were taken on the strength of the projects, worked as labourers with the men during the day and held classes during the evenings. This system, within its defined scope, has produced satisfactory results but has suffered through the frequent changes in the labourer-teachers who either returned to universities to resume their own academic training, or who secured positions in industry at remunerative rates of wages.

Then I have here the number of those thus engaged, running up over one hundred at one time and lessening, of course, as the winter departed and the warmer weather began. Then take the provision made for their instruction in trades and crafts. In view of what has transpired to-day I want this house to understand something of what has been done by

this country to deal with this problem. I have the regulations here with respect to every province:

Alberta: The provincial department of education authorized the director of technical education to place an educational supervisor on the projects located along, and in the vicinity of, the Calgary-Banff highway and are providing correspondence courses for other projects where desired....

British Columbia: In continuation of the system instituted in the winter of 1933-34 correspondence courses are now established under the provincial department of education in elementary, high school and technical subjects....

Instruction in Trades and Crafts

Relief personnel who so desire are encouraged and assisted to learn trades, as opportunities permit, or at least to become accustomed to the use of tools. Considerable construction of camp buildings, wood and concrete culverts, wooden bridges on highways, etc., calls for employment of men of the handy-man type. Men with no previous knowledge have gained instruction and experience in such work in considerable numbers, and to this extent are profiting by such knowledge and employment under the direction of skilled foremen. Men showing adaptability have been so trained and frequent promotions on subordinate and junior supervisory staffs of such men have been made.

Then there was a complaint with respect to compensation for injury. I wish to point out that provision was made to deal with that question in a manner that most people would regard as fair. Then I turn to the question of their spiritual welfare:

The spiritual welfare of the men engaged in the various projects is considered a responsibility of the church organizations.

Every facility and encouragement is afforded the clergy and church workers to hold services and make contact with the men on the projects. Clergymen posted to or visiting camps for the purpose of ministering to the spiritual welfare of the men are given board and lodgings in kind and are reimbursed reasonable out-of-pocket expenses necessarily incurred. Due to the location of many of the projects, distant by many miles from large, or any settlements, the visits by clergymen to those projects have not been frequent. Where urban centres are adjacent to the projects, the attention has been greater. In many of the camps, services of various denominations were held regularly, particularly in the case of some of the larger projects to which certain denominations supplied resident chaplains. The men are permitted to attend church services at their own volition.

That is the provision for their welfare, their recreation and their leisure time. I have mentioned these matters because I believe this house and country should understand that this was an effort made to care for those who had no homes during the time they were without profitable employment.

Now I turn to what perhaps is the most important point of all. I believe I should at once clear up a difficulty apparently existing in the minds of some hon. members, with regard to the numbers of men passing through these camps. When it is alleged that these men stay in the camps two, three or four years undoubtedly an erroneous impression is created. When I give figures, as I shall, as to the numbers of men who have passed through the camps I shall do no more than give them roughly. There may be many other matters to which I should refer, but this afternoon time does not permit my doing so. I shall now read the table indicating the number of men who have gone into the camps and the number who have left, so that hon. members will realize that the turnover has been very rapid, that some have obtained permanent positions and others at least temporary positions. I shall have to ask hon. members to pardon me for a few moments until I obtain the figures.

Mr. MACKENZIE KING: Would the right hon. gentleman simply wish to put them on Hansard?

Mr. BENNETT: I think it is important that I give the number, because I believe the figures would destroy the idea that these men have been kept in the camps for long terms of years. I should like to make it clear as to what the movement has been. However, as I was not aware that this matter would be discussed and as the point in the document before me is not marked, I shall have to ask the Minister of Finance (Mr. Rhodes) to consult the index and find the information for me. While that is being done I shall proceed to a discussion of the next point, namely, that being in these camps in the numbers I shall presently indicate, to my certain knowledge in many cases these men were happy and content. Who destroyed their contentment? That is the question for us to answer. Who destroyed the peace of mind and happiness of these men? Who interfered? Who must accept the ultimate responsibility for going into the camps and destroying the peace of mind and happiness of these men? It is of no use to make the complaint that these camps were not first class hotels; they were not intended to be. But they were as good as many lumber camps in Canada—I say they were better, because they made provision for education, spiritual welfare and other matters which I shall not discuss at length. Who was it who became responsible for the destruction of the morale, peace and contentment of these men? That

is the real point. All the excuses and sophistry in the world do not get us away from the fact that from time to time emissaries of a destructive and subversive force in Canada went among these men. They admitted that to me the other day; Collins admitted it to me. Collins of Glasgow said, "That is what I have been doing in the last six months, and," he said, "I have a right to do it." What they were doing was organizing and agitating. First of all they were agitating against conditions and were telling the men in the camps how badly they were used and cared for, how recreant to its duty the government had been, and what an utter disregard of humanitarian instincts there had been. This is the tale they were told. Then they said, "We must organize; workers must organize; we must dictate to the government what it shall do; we must have wages on a basis we shall say—not what the capitalist shall say, not the country, not the government." I could give the particulars of the agitation, because I have them as they have been furnished from time to time. Many hon. members have seen them.

Let us be fair and frank about this matter this afternoon. First, these agitators went into the camps sowing seeds of discontent, disruption and rebellion in the minds of these men. It took a long time to do it. Why? Because the men realized that the turnover of labour in the camps was great, that changes were taking place rapidly, and that many were leaving to go out to profitable employment. They knew that was happening day after day and week after week. In the end however these agitators wore down that sense of contentment in British Columbia. As the minister has pointed out, we knew that they were going to move upon Vancouver at a given date. They deny that that is so—but in the end they moved in upon Vancouver. Did they not receive succour and support in Vancouver and Victoria? By means of a tag day $6,000 was raised for them—$6,000. That was the humanitarian instinct, to which I referred a moment ago, expressing itself in terms of dollars.

Then when they found it was no longer possible to influence and to direct public opinion either through the mayor—who had ultimately to read the riot act; no longer heading parades, but reading the riot act—or any other body, they considered what they should do next. The point was how to get rid of them. I hope my information is not correct as to the means resorted to—but this government had no idea that they were going to leave Vancouver. No member of the government to whom I have spoken about the matter had any knowledge of it. But at a given moment they boarded freight trains. The government were advised of that fact. They travelled by fast freight, and we had no force to cope with them at Kamloops; we had no force to cope with them as they came down this side of the mountains, nor had we any force at Calgary. I say to the right hon. gentleman, when he suggests that there was some ulterior purpose in the fact that they were allowed to go east as far as Regina, that the question of dealing with them was taken up by the minister just as rapidly as possible, when the moment came that the railway companies complained of trespass upon their property endangering life and property. Of course under the Railway Act these men were trespassing. As hon. members have said, the fact that they were trespassers did not constitute a very great offence. But when the numbers counted not tens or twenties but hundreds, then there was danger to life and to property and danger in the transportation of the mails. Both railway companies complained.

Mr. MACKENZIE (Vancouver): When?

Mr. BENNETT: The so-called marchers were then between Swift Current and Moose Jaw. On the day they reached Moose Jaw the railway companies told the government they could not longer deal with the situation.

Now I want to remind the house of something more. One of the reasons, and one of the very great reasons, why this matter was dealt with after they had come into Saskatchewan was that they had succeeded in taking out of other camps in Alberta a considerable number of men who prior to that date had been peaceably and happily employed in these camps. In other words, their propaganda was successful in taking men out of camps in Alberta on the Crowsnest line and on the main line of the Canadian Pacific, and these men attached themselves to the strikers at Medicine Hat and other points so that when they reached Moose Jaw their numbers were very much larger than they had been. Before they reached Moose Jaw the minister had taken action in consequence of complaints made by the railway companies and their statement that they were unable to deal with the matter with the limited number of constables under their control, and that they required police assistance. That of course is the explanation of what was said the other day. Ordinarily with respect to the enforcement of law and order the province, of course, must determine what action shall be taken, and the province calls upon the federal

power to give them assistance whenever it is desired. But in the agreement betweeen Saskatchewan and Canada, and it was an agreement that was consummated during the administration of the former Minister of Justice (Mr. Lapointe), not by the present Minister of Justice (Mr. Guthrie), it is provided that the dominion reserves the right with respect to the police for a breach of federal statutes. Just as soon as these men reached Regina the premier of Saskatchewan, angered at their being in Saskatchewan and stopped there—and I appreciate his feelings—sent most violent messages to the government, and I think when the right hon. gentleman reads them he will not be so anxious to see them. We will produce them, of course. Message followed message. These people, he said—I paraphrase—were brought into Saskatchewan with the connivance of the government and with the assistance of the railway companies, and therefore there was no right now to stop them in Regina.

Now I put it to the former Minister of Justice, who I see is no longer in his place: would he under that agreement of his decline to do just what the Minister of Justice did? The premier of Saskatchewan was advised of this. The legal representatives of both railways waited upon the attorney general. We were so advised by telephone—I do not think it is in writing—and what happened? No action. The Minister of Justice believed, as I believed, that this was no longer a sporadic or spasmodic uprising. This was a revolutionary movement, and as I said the other day the forces of government for the preservation of law and order must be used for that purpose, and they were. There is the story.

We have endeavoured by every means within our power to prevent just what happened yesterday. When it was suggested a few days ago that we were rather anxious to use force and that I might have been far more conciliatory with these eight men who came to me than I was, I would like to say this, and I will leave it to any person who was present: I declined to indicate the least show of temper, although heaven knows there had been good excuse for it, and I restrained myself from any violent statement of any kind despite the provocation. But when I heard Evans say what he said as to his purposes, and Collins make the statements he did, I felt I would be recreant to my duty if I did not say to them that law and order would be maintained in this country because it was the duty of the federal power to preserve peace, order and good government. I think if the hon. member for Winnipeg North Centre (Mr. Woodsworth) had himself been present he would have been amazed at my moderation—amazed at it; for if it had been his case, in view of the condition into which he worked himself up in this house one evening about that time I do not know what would have happened. But I make that statement unhesitatingly and maintain that it cannot be contradicted.

We told them what? I am not going to go back and repeat it all, but we told them that we would provide them with a camp, and in order that it might be freed from the imputation of military discipline the Department of Labour, which had a representative at Regina, made the necessary arrangements for providing a camp at Lumsden. The water was laid on in a few hours, tents were provided and a commissariat to take care of the men. All this was done, and the worst of it is that some of those who had been picked up on the road, who had yielded to the solicitations of the propagandists and agitators, wanted to go to Lumsden. But could they go? Their baggage, their little dunnage bags, were taken and the pickets were reinforced to prevent them from going. A few found their way ultimately to Lumsden.

With respect to the unlawful assembly last night, I say "unlawful assembly" deliberately; for in Saskatchewan there was a decision—it is true, I believe, that it was by a county court judge—following the decision of the Supreme Court of Ontario, and may I remind this chamber that this great province dealt with this very subject. The evidence was given to a jury, defences were made by learned counsel and by the accused themselves, and they were found guilty. An appeal was taken to the supreme court, the highest court of appeal in the province of Ontario, and by unanimous judgment, delivered by Chief Justice Mulock, the court decided that there was no question in law upon the evidence adduced that these communists constituted an illegal association. That decision it is true is not binding on other courts of Canada except in the province of Ontario. Now look at what happened at Nipigon in defiance of that decision. Tim Buck said: I am a communist and I challenge the government. Yet Mr. Roebuck has done nothing and he is the attorney general of the province. I challenge, Tim Buck said, the government to proceed against me—this man who is out on ticket of leave, this man whom the highest court in this province had determined was properly convicted for promoting sedition—for that is practically what it amounts to—and the destruction of our in-

stitutions. They know about him carrying on his agitation, defying law and order, and no one says a word. There is a case in which the federal power has no authority to drop in and assist unless we have evidence of the revolutionary character of what is taking place. Attention is directed to these things, but no action is taken. There they are and there they remain.

Let us go a step further. Mr. Buck is now running as a candidate against the hon. member for North Winnipeg (Mr. Heaps). He has fourteen organization rooms in that constituency, and he is openly challenging authority—openly; he does not offer any apologies for it at all. Here I stand and scoff at you—that is his attitude. Look at the effect of that upon this country as a whole. Look at the result upon the body politic. Look at the result upon the morale of the people of this country. That is the thing we have to consider. We were on safe ground when the railway companies were being dealt with. That was a breach of a federal statute and not of the criminal code. That was a special statute in which we were interested in the transport of mail and the safety of passengers, a matter solely within federal jurisdiction. That is the reason why we took the position which we did. What did Grover Cleveland do when he was faced with a situation almost like this one in the state of Illinois when the mails were no longer being carried? He took federal power for the purpose of maintaining law and order, in order that the mails, which were of national concern, might be delivered. Our railroads are a subject solely of national concern and come under the jurisdiction only of this parliament. When we found that condition existing, we took the steps we did. Is there any hon. member of this house who, charged with responsibility, would have done less and maintained his oath of office? That is the question.

Mr. WOODSWORTH: Before the Prime Minister leaves that point, would he mind explaining how the assembly of last night was an illegal assembly?

Mr. BENNETT: Last night's assembly was an unlawful assembly within the decision of the Supreme Court of Ontario. I shall not labour it at length but if the hon. gentleman desires to read the judgment, I shall send him a copy. This judgment was circulated widely. The assembly last night was an unlawful association within the meaning of that judgment and I do not think anyone who is informed has any doubt about it.

[Mr. Bennett.]

Mr. WOODSWORTH: I do not quite follow the right hon. gentleman. I understood that that did not apply in the case of Manitoba. Does it apply in the case of Saskatchewan?

Mr. BENNETT: What I tried to make clear was that it would be for the courts of Saskatchewan to decide. The leaders have been arrested and their trial will be held and I shall not comment on what the evidence will be. They have been charged and an opportunity will be afforded to them to make their defence.

Mr. WOODSWORTH: I am just trying to clear up that point. I understood the Prime Minister to say that the dominion could not prosecute in Manitoba but apparently it is prosecuting in Saskatchewan.

Mr. BENNETT: The prosecution has arisen out of a breach of the Railway Act. I want to make that clear.

Leaving that for the moment, I must apologize to the house for the delay which has occurred in giving this information as it disrupts the natural flow of the argument. How many men does the house think have passed through these camps? The total number is 116,480, and 22,365 have left to take up profitable employment while 12,601 were let out for purposes of discipline. This gives some idea of the activities of the communists in these camps and gives some idea of the propaganda which has been carried on and the methods adopted. Others have left to take up employment where they thought they could find jobs, some 60,000 having gone to unknown jobs. The largest number of men ever at these camps was 25,500; last summer this number dropped about 12,000 and last winter it rose to 20,500. It stands now at 13,000. These figures give some idea of the nature, the character and the purpose of these camps and how well they have served that purpose. One of the most distinguished labour ministers of England, who has since passed to the great beyond, when on a visit to this country stated that this was one of the most amazing ventures from the standpoint of sound principle that he had ever seen. He was referring to the provision by which these men were given shelter, food and clothing, until the opportunity arose of being permitted to go to work. When I say that the number of men in the camps dropped last year to 9,000 from a maximum of 25,500 one is able to gain some idea of what the situation was. As I have said, the number of men have dropped to about 13,000 and that

number will be decreasing steadily, as I explained to these men, because of the opportunities which will be offered of work on the highways and roads in the mountains of British Columbia which cannot be undertaken until late in June. When those opportunities for work are offered they can avail themselves of them, if they so desire.

As I said, I do not propose in any sense to anticipate what evidence will be given or what may be said with respect to the tragedy at Regina. This morning I received a telegram from Mr. Gardiner to which reference has been made by the right hon. leader of the opposition. This wire reads:

You have no doubt been advised of latest developments. We wish to state that men had interviewed us at five o'clock. They stated they had advised your government through your representative they were prepared to disband and go back to their camps or homes provided they were allowed to go under their own organization. They state this was denied them. They asked our government to take responsibility for disbanding them to their own camps or homes. While we were meeting to consider their proposals and any suggestions we might make to you trouble started down town between the police and strikers without notification to us of police intentions which has resulted in at least one death in the police force and scores of citizens strikers and police wounded. We are nevertheless prepared to undertake this work of disbanding the men without sending them to Lumsden. Will you consider negotiations on basis of this proposal.

James G. Gardiner.

I replied as follows:

Your message received indicating your willingness to undertake work of disbanding strike marchers without sending them to Lumsden. Please indicate just what this means in order that there may be no misunderstanding.

That does not look like a desire not to co-operate with the provincial authorities. The premier of the province stated that these men demanded that they should be permitted to disperse but with their own organization. That is just exactly what we do not propose they shall do. We do not propose that they shall go to Vancouver, where we already have had communists taking part in activities on the waterfront, as referred to the other day by the hon. member for Vancouver Centre (Mr. Mackenzie). We do not propose that they shall go there to swell the ranks of the communists and add to the difficulties of that city. Their demand was not that they be permitted to disband and go to their homes where they had homes or go back to the camps, but, as Mr. Gardiner says, they demanded that they be permitted to disband under their own organization, and this we refuse to allow. Since I came into the chamber I received another telegram from Mr. Gardiner which may be an answer to the one I sent. This telegram reads:

Yesterday morning men indicated to your representative Mr. Burgess their willingness to disband the march and return to the points from which they came. They repeated this to Mr. Burgess and representatives of the police at 2.30. Your representative refused to have provincial representation at that meeting. The men met us at five o'clock stating that since your representatives had refused to consider this the provincial government take responsibility for disbanding men to their original camps or homes and supply them with food in the interval. While we were considering this matter police raided public meeting to arrest leaders, precipitating a riot. Men at present in buildings at fair grounds completely surrounded by police who permit no one to enter and men to leave only in twos. Police intention to force these men to Lumsden camp or starving them into submission. This will end in a worse riot than last night. These men should be fed where they are and immediately disbanded and sent back to camps and homes as they request without any attempt to force them into Lumsden and this should be done within next two hours. This government has a responsibility toward its citizens to provide them with ordinary protection against this imported trouble. We would ask you to immediately withdraw orders issued affecting the liberty of individuals within this province and affecting the law and order of this province. You might assume that we are as much concerned about law and order in this country as you can be and deal with the elected representatives of this province regarding matters concerning our people instead of through an appointed political representative. We are asking you if you are going to feed these men within the next two hours and are asking you to instruct us within two hours what plans are to be made for their disbandment.

James G. Gardiner.

That is the message to which the right hon. leader of the opposition referred a moment ago. It will be observed that Mr. Gardiner talks about disbandment but he leaves out that explanation which I requested in connection with their demands that they be allowed to go under their own organization. To that we have not received any reply. As long as they stay together, as the Minister of Finance says, they will disband.

Now let me read the last answer which I wrote while I was listening to the hon. member for Winnipeg North Centre:

Large number of so called strike marchers now at Regina have never been in relief camps and being homeless cannot be sent to any definite locality as being their homes. The federal government is ready and willing to feed these marchers at Lumsden and transport them to that point. Apparently leaders demand transportation to Vancouver as organized bands which we are not willing to do in

view of the illegal character of their organization and avowed purposes of their leaders. Of course we have no intention of interfering with any action you may decide to take that does not involve these men in violation of the laws of the country.

That is the position we have outlined in the telegrams that have passed between us to-day. I am not going to do more than merely indicate that that being the situation we are faced with an organized attempt against the national life of Canada. This is not sporadic; it extends from coast to coast. It is not dominion wide; it extends to other sections of this continent. They started to-day at noon at Valcartier. A happy contented group of men have been preyed upon by agitators, and at noon to-day they said they were going to strike. This uprising against authority, against law and order, is in our judgment a considered and deliberate attempt to carry into effect the known doctrines of the communists. We are not prepared to yield to it; and what is more, we believe that it is not a matter of a province; it is a matter of the nation as a whole.

I will not burden you with the sheaves of telegrams that have come to me along the line, especially in the northern parts of Ontario and other parts of Canada, where the population is far better informed with respect to communistic doctrines and tendencies than it is, for instance, in the city of Ottawa, and where they make bold to say that they demand—not request but demand—that these things shall be done. They demand that these men shall continue their march upon Ottawa, these strikers, and that the police be withdrawn—"We demand that the police be withdrawn." The similarity in the language of the telegrams would seem to indicate that there was one master mind somewhere behind this movement, or several. And even the one from New York was couched in terms so like some that we have received from Toronto and other parts of Canada as to make one believe that they had a common origin.

It is not easy for me to speak at such length about a matter of this kind to-day. If I say that my night has been saddened and my day as well by what transpired yesterday, I suppose that will afford an opportunity for jeers—

Some hon. MEMBERS: No.

Mr. BENNETT: —from the hon. gentleman from Winnipeg North Centre. And when they talk about an order in council having been passed by this government dealing with these matters, I say that any man who said that and who was a member of parliament insulted his own intelligence.

Mr. WOODSWORTH: I have already said that I did not—

Mr. BENNETT: I did not say you; I said any member of parliament.

Mr. WOODSWORTH: Mr. Speaker, the Minister of Justice made that statement with regard to me and I denied it. It is not worthy of the Prime Minister to try to leave that impression.

Mr. BENNETT: I will put it this way. According to the hon. gentleman's own statement he was present at the C.C.F. provincial gathering at which a motion was made that a message be sent to the Prime Minister that help be sent to the strikers in Regina, and condemnation was made of the government of the day, naming the Prime Minister by name, for the passing of such an order in council.

Mr. WOODSWORTH: I was present at the meeting of the council, but I was not present at the time that motion was made.

Mr. BENNETT: I am very glad to hear the hon. gentleman say that. But I do say that when anyone suggests that an order in council could be passed by this government dealing with a matter of this kind, he does violence to his own intelligence. I do not think there is any doubt at all about that, because this house a few weeks ago passed a statute that provided it could not be done; and no one with intelligence would pass an order in council knowing that it had no value as such and would not be worth the paper it was written on and would not furnish a defence or excuse for any action that might be taken under it. That, I think, is so clear as not to call for comment. I repeat, I find it difficult to speak at all about this matter; but it is of such importance that even though it has greatly inconvenienced me to do so, I have endeavoured to place some of the facts before the house and the country.

When I think of that courageous officer of the law who was employed by the city of Regina and who is now lying stark and dead in the city whose welfare he was interested in and whose safety he defended, I cannot but think of the tremendous responsibility that rests upon each of us lest it should be said that by the course we have pursued we have led men to believe that they might resort to the most violent means to accomplish their

ends and have with them the support of decent law-abiding citizens. I know it is not so. I know that the Canadian people do not believe that; and, weak as some of our institutions are, and failing, as they must have failed at times, to meet all the demands that might be made upon them, we are still convinced that the people of Canada are not prepared to substitute for those institutions the rule of the commune and the guidance of the soviet.

Mr. MACKENZIE KING: I wish to thank the Prime Minister for his undertaking to bring down the telegrams that have passed between the Prime Minister of Saskatchewan and himself. May I ask whether that assurance will include all the messages between the federal government and the government of Saskatchewan. May I also ask whether the right hon. gentleman will kindly consider the request that the instructions, if any, given to the police be tabled.

Mr. BENNETT: So far as correspondence is concerned, there is none except the telegrams; they will be produced. My present view is that it has never been the rule to permit instructions given by officers commanding to those charged with enforcing law and order to be brought down in the House of Commons. I will look into the matter further, but that is my present conviction.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

INSURANCE ACTS

CANADIAN AND BRITISH INSURANCE COMPANIES ACT—FOREIGN INSURANCE COMPANIES ACT—BILLS NOT TO BE PROCEEDED WITH

Mr. G. G. COOTE (Macleod): If I may have the unanimous consent of the house I should like to make a statement regarding two bills which are on the order paper in my name, Nos. 13 and 14. Hon. members will remember that when Bill No. 13 was before the house the first time the Prime Minister (Mr. Bennett) said he had received assurance from the Canadian Life Insurance Officers' Association, which includes Canadian, British and foreign companies, registered with the federal insurance department, that if these bills were not proceeded with they would see that no rate of interest in excess of six per cent per annum was charged on any policy loan after the first of January, 1936, this to include automatic premium loans and all charges of every kind in connection with such loans or other loans. I asked the Minister of Finance (Mr. Rhodes) since that time to confirm that by letter, and I have a letter from the Minister of Finance dated June 28, in which he says:

> I have pleasure in writing to advise you that the department of insurance and the government will be at pains to see that the undertaking given by the Hon. N. W. Rowell, K.C., counsel for the Canadian Life Insurance Officers' Association, as to the rate of interest that will be charged after January 1, 1936, will be carried out in strict conformity with the undertaking, the terms of which you have before you in the copy of Mr. Rowell's letter, dated the 24th of June, addressed to Mr. Finlayson, the superintendent of insurance.

Therefore, Mr. Speaker, I do not wish to proceed further with these two bills at this time.

SUPPLY

B.C. RELIEF CAMP STRIKERS

The house resumed consideration of the motion of Mr. Rhodes for committee of supply.

Hon. H. H. STEVENS (East Kootenay): I question very much indeed if there has been before parliament during this session a subject of greater importance or fraught with more serious possibilities than that which was under discussion this afternoon. I might remind you, sir, that the motion to go into supply has always been considered the most suitable occasion for members of the House of Commons to place before the house any subject that is considered to be a grievance or is regarded by the people generally as containing the germs of a grievance. In other words it has been a time-honoured practice and habit, as well as a very high privilege, to use this opportunity to discuss matters of importance to any section or to the country as a whole. This subject which we have been discussing I choose to define as the plight of youth. The immediate matter, of course, that is of grave concern is certain outbreaks and disorders that have occurred in regard to the plight of youth.

This afternoon we had a number of addresses. It is not my intention to analyze or reply to them or deal with them to any great extent. I should, however, like to point out one or two things. We had an

address by the right hon. leader of the opposition (Mr. Mackenzie King), and the house will recall that he closed his remarks with the observation that perhaps the subject of gravest concern was whether or not the federal government had invaded the rights of the province. To me the statement of the right hon. gentleman seemed rather strange. I am not very much concerned about whether or not the government of Canada has infringed to a certain degree upon the narrowly interpreted constitutional rights of the provinces in this respect. The thing immediately before the government of course is the disturbance in Regina. Certainly the government ought to act constitutionally and carefully within its right. But after all the thing of immediate concern is that the government should discharge its duty, which according to the statement made by the Prime Minister (Mr. Bennett) and the Minister of Justice (Mr. Guthrie), it is amply demonstrated it has done. Therefore I could not understand the attitude of the right hon. gentleman, because to me the matter of supreme concern was not even the riots, although that certainly is of great importance, but rather what lies behind all this, what is the cause of all this. Is there anything that parliament can do to remove the causes of these disturbances and riots? I hope before I shall have finished, to indicate at least what in my opinion might be done to correct the situation. At the very outset, therefore, I suggest that we do not waste very much time discussing whether or not the government is doing its duty, because as far as I can gauge the matter the government had no choice. It had to preserve law and order within its constituted powers and rights. This it has done. But has it done in that respect any more than its duty? There is nothing about that which should call for either encomiums or condemnation; it is the plain simple duty of the government to maintain law and order in the country—of course I always interpolate this; subject to its constitutional right and power. So all I have to say on that subject is that apparently the government has done its duty, a distasteful duty. But there is another point that ought to be canvassed and canvassed carefully, that is, what are the underlying causes of the disturbances that forced the government to discharge a most unpleasant duty? It is with that phase of the subject that I intend to deal.

Let me first ask what was the origin of all this trouble. It will be recalled that a few years ago, I would say from three to four years ago, we found literally hundreds, yes thousands, of the youth of Canada wandering up and down, particularly in the summer time. As I went westward to my own province of British Columbia I counted on a single train one morning a hundred and twenty-seven of them. I have counted fifty and sixty just as trains were passing, young men riding to and fro on the freight trains. Sometimes I talked with these boys. I talked to one young chap who said he had made three cross-country trips in one season. I talked to others who boasted of how far they had travelled. That is a condition that prevailed three and four years ago this summer. The provinces told us, particularly the province from which I come, that young men were pouring in there from other parts of Canada, constituting for them a very serious problem in addition to their own local problem of relief. This complaint developed. The federal government offered, freely I think and of its own volition, to undertake the care of destitute, homeless, unemployed young men. I should like the house to bear that fact in mind, that the federal government undertook to care for that class of the unemployed. When they undertook to do so they laid down certain rules, certain principles if you like, one of which was that these young men had to be healthy. I stand to be corrected by the minister who is in charge if I should inadvertently mistate the case, but I understand that one of the conditions was that they must be healthy; indeed, sir, I think they passed a physical examination before being admitted to camp. They had to be young; they had to be homeless; they had to be destitute and they had to be single.

Well, sir, that is rather a disturbing condition which I think should challenge the sympathetic consideration of every member of this house, as I am sure it does. But here is where I think we are somewhat failing: we are at the end of the session, and so far as parliament is concerned we have done little or practically nothing towards the solution of the problem of caring for this great number of young men. It is argued by some that by providing these camps we have discharged our duty. It must be borne in mind that when this was undertaken by the federal government it was not done as a permanent measure; it was looked upon as an emergency. That at least was the impression that was made on my own mind; I cannot speak for others. It was the expectation and hope that we would carry these young men through a winter and that probably in the following summer, or at least in the not too far distant future, they

would be absorbed into the ordinary life of the country. Certainly no one to whom I mentioned the subject considered that it would go on for three years so far, and possibly for another year or two as well. It was never looked upon as a condition with which we should ask young men to bear a period of years.

Let me say further, Mr. Speaker, and I say this with great deliberation, that it is asking a great deal of youth to remain docile in camps where they receive subsistence plus a very small remuneration in the nature of an honorarium of $5 a month. I say that is asking a great deal of youth. I do not wish to be told later that I am getting sentimental, because I do not think that can be said, but surely we are not going to ignore the fact that in the veins of the youth of Canada are still pulsating ambition and the desire to get somewhere and be something. To my mind parliament cannot consider that it has discharged its duty unless it has made some provision for the satisfying of that very human and legitimate desire on the part of these young men.

Then, sir, what occurred next? There was a strike in some of the camps and the young men trekked into the city of Vancouver. I have resided in British Columbia now for forty-one years, with the exception of the unfortunate periods of time I have had to spend in this house during the last twenty-five years. Last summer and the summer before I personally visited many of these camps, and I should like to say a few words as to what I saw there and the impressions I received. I visited quite a number of the camps; on each of these visits I had several meals at different camps. Generally speaking I found the food to be good; I do not think there was very much to take objection to in connection with the food, so far as I could judge. It was plain; it was wholesome; there was a reasonable variety and on the whole I would say it could not be the ground for very much complaint. The clothing the men were given certainly was of a kind that should be satisfactory; on the whole I would say it was perhaps better than the men would obtain themselves if they were buying it. I do not think there could be any reasonable complaint in that connection. In regard to housing—outside of some possible inconveniences that might have crept into some of the camps by being brought in with the men themselves, in the way of vermin and so forth, which I think was rare—I should say it was quite in keeping with the normal camp life we have in British Columbia in the mining and logging camps. So on the whole I would say the physcal convenience and comfort of the men was reasonably well looked after, and as far as I was able to judge there were no sound grounds for complaint.

I saw something else, however, which impressed me tremendously. At one camp the young men were employed in the construction of or preparation of the ground for an airport. Hon. members know what that means; there was a considerable area of, I should say, sixty or seventy acres or thereabouts. The camp of which I was speaking was in a valley in the mountains, what we out there would call a "wash"; that is, a flat of the valley which had been filled up with the wash from mountain streams, consisting of great boulders some larger than a man could lift and others commonly called by the men working among them "niggerheads," large coarse gravel and boulders. When the discussion was taking place this afternoon I noticed that some hon. members referred to these young men as though they were all men who did not want to work, loafers and so on. Apparently that thought was seeping through the minds of some hon. members. I saw these young men in the month of August, working under a blistering sun with the temperature, I should imagine, close to 100 in the shade. I observed them over a period in the neighbourhood of at least ten days, working away day after day at, perhaps, one of the hardest, most discouraging and most disagreeable tasks that any man could undertake. I do not know of a harder or more disagreeable job than working under a blistering sun taking boulders out of a gravel wash. If anyone can tell me of a more difficult or disagreeable task I should like to know what it is. The point is this: I visited that camp; I sat among the men at their meals; I talked to the men, and I never heard a single word of complaint. I saw them working in the middle of the morning and in the middle of the afternoon; apparently they were doing what would be normally expected of men receiving a full wage. That made a very deep impression upon my mind, the fact that it was possible to get young men in an unemployment camp on a subsistence basis to do that sort of work.

I went to another camp that I recall; this one was in what we call the sand hills, in the dry belt district. These men were cutting the curves out of some of these mountain roads, faced with the blazing sun on the banks which they were cutting away. They were working in dry, dusty, fine silt, another very disagreeable job. These young men did splendid work. I had not an opportunity of measuring it in any way; they may not have done as

much work as they might have done working by the day for a contractor, but I will say that they appeared to me to be doing more work than is done normally by those employed at road work at full pay by provincial governments. Whether or not that says much I do not know, but I will add this: These young men seemed to be giving a good day's work. At the two camps I have mentioned there was peculiarly difficult hot, hard work. I visited other camps where the work was hard, but conditions not quite so severe. There I saw men working in the same way—young men, many of whom had never worked before; they were not trained in work and not hardened to it. Many of those young men in the camps who have worked in that way in the hot summer months are not Canadians whom we should treat lightly or disregard. It is because I saw their efforts to play the game that I have been so deeply concerned about the so-called strike.

My next point is this: The young men came down to Vancouver and went on strike. It is stated by the Prime Minister and the Minister of Justice—and I am not disputing their word in the slightest—that they were led to go on strike by communists, agitators or other persons evilly disposed. I am inclined to think that that suggestion is perfectly true; I have not had the opportunity personally to examine that phase of the matter, but from the reports one receives and the statements made in the house I believe we may accept that as correct. But does it follow that these young men, many of whom have been working under circumstances such as I have described for periods ranging between one and three years, are communists and law breakers of a destructive turn of mind? Does that follow simply because they went on strike and walked out in an effort to have improved conditions? I say the House of Commons ought to be extremely lenient in its judgment of the action of the boys. I am not talking about the agitators; I am not talking about the leaders. Those men may be dealt with by the law officers of the crown properly appointed to enforce the law. If they have broken the law, if they have agitated or if they have indulged in seditious utterances and that sort of thing, the law officers of the crown can deal with them. I am speaking of the rank and file, the young fellows who through the statements of agitators have been led astray. Knowing what I do know about the way these young men have worked I am not prepared to accept the statement that they are a bunch of law breakers, disturbers of the peace, destructive and communistic. I say I am not prepared to accept that statement.

I hold in my hand a letter I received from a farmer in one of the districts in which a camp is established—one of the remote districts, in fact. I shall quote only one or two of his observations:

> We find the camp boys on the whole a pretty good bunch. We have some of them down to our home now and then, give them an evening, lend them books. And Christmas eve and New Year's night we as residents gave all who wished to come parties at the school, and we sure had a good time. They sure did appreciate it.... We have social evenings and dances at the school and get lots of the boys present.

These farmers to whom the letter refers are perhaps among the poorest financially in the whole of British Columbia. They live in one of the more remote valleys where there has been great difficulty to get along; yet they have brought the boys into their homes and treated them well. From other sources I have been advised as to the pleasant relations that existed between the boys and the local farmers. That is an attitude which I believe it quite right and quite commendable, and one which we should certainly endorse. I read from that letter merely to emphasize the point—and I shall emphasize it further from another letter in my possession—that these young men are not a bunch of scalawags or destructive individuals impelled only by seditious impulses. I think on the whole the great mass of them are splendid young men.

I should like now to refer to an observation made by the Minister of Justice. This afternoon and a few days ago the minister stated—but before I come to that perhaps I may be permitted to retrace my steps for a moment. The strike occurred and young men went to Vancouver. There they remained for a very considerable period. I would say that before they left on the trek east they were there nearly two months. I shall read to the house two letters I wrote the government on this subject. I do so not for the purpose of embarrassing the government but simply in justice to myself and also briefly to express my own views in a constructive way as to how we might have solved the situation before it reached its present critical stage. My first letter was inspired by a telegram I received from two churches in Vancouver, churches I know very well. One was from St. Giles church and the other from Chown United church. The official boards of these two churches met and sent me the telegram to which I shall refer. I notice it is dated April 28, quite a time after the young men

had gone to Vancouver and there had been some disturbances at that point:

> We fear that the strike situation here becoming extremely dangerous. Please urge federal government to immediately send some assurance through Premier Pattullo or Mayor McGeer that if possible camps will be abolished by work program. With such assurance men might quietly return to camps meantime.

It may be said that these two churches were impertinent in making these observations or suggestions. After all, however, it is not far from a very sane suggestion, as I shall show in a minute. I draw the attention of hon. members to this expression, "with such assurance men might quietly return to camps meantime." That I think would have happended, had the assurance been given then. I am sorry indeed that it was not given. Upon receipt of that telegram I wrote the then acting Prime Minister, Right Hon. Sir George Perley, under date of April 30. I ask the house to note the date because I feel I owe it to myself and to others who made representations to me to make clear the point that I did lay the matter before the government in ample time. This letter reads:

Dear Sir George Perley:

> The enclosed telegram which comes from the official board of two churches in Vancouver, namely, St. Giles United church and Chown United church, is enclosed for your information and will form the basis of a brief statement by myself regarding the situation in Vancouver.
>
> I can justly claim to have some knowledge of the situation precipitated in Vancouver by the strike in certain unemployment camps and the concentration of these men in that city.
>
> I do not for a moment wish to condone the obvious willingness of Mr. McGeer, mayor of Vancouver, to lay at the door of the federal authorities the responsibility for the trouble. On the other hand I regret to say that I cannot agree with the attitude of the federal government as indicated by your utterances as reported in the public press.

It will be remembered that the right hon. gentleman Sir George Perley took the ground that it was not constitutionally the duty of the federal government to intervene, and that if these young men left the camps it was their own business; he indicated that the camps were there and that they could return if they wished. I questioned the soundness of that position. To continue quoting:

> I frankly question the position taken by the federal government in disavowing all responsibility in this and similar matters on the ground first, that relief is constitutionally a local matter, and secondly, that the federal authorities can only move when requested to do so by the provincial authorities.
>
> With all respect and, I hope with reasonable moderation I submit that such position is no longer tenable and is, in fact, provocative.

I took the stand then, and I think I was right, that it was not conducive to peace, order and good government merely to say that the constitutional responsibility rested upon the city and upon the province, because the federal government had previously of its own volition taken responsibility for establishing these young men in camps. I proceed to quote:

> It is not reasonable to expect thousands of young, healthy men, many of them well educated, to submit indefinitely to confinement to camps on a subsistance basis. It is not natural, and in my opinion the federal parliament and the federal government must recognize that simple truth.

I lay that now before parliament, that it is not a natural situation. Indeed it is unnatural, and I think parliament owes it to itself to recognize that that condition ought not to be allowed to continue. I proceed:

> Furthermore, it should be borne in mind that when this system was inaugurated about three years ago it was considered only as a temporary measure. With due appreciation of your perplexities, I wish to ask: What has been done in the meantime to seriously combat this problem of hopeless inadequacy of opportunity for young men to obtain work?

I ask parliament—I do not think it is sufficient to lay all the blame on the government—and I ask myself, what have we done in the last three or four years to overcome this inadequacy of opportunity for young men to obtain work? I proceed:

> Your public works program in my opinion is pitifully inadequate, and if this confederation is to remain intact and survive these crises then leadership to take us out of them must originate within the ranks of the federal government.

I believe, sir, that that is a sound position. There must be some leadership and I know of no other place whence that leadership can come under present circumstances than the federal government.

> To ridicule a mayor of one city for his inability to absorb, in addition to his local unemployment problem, thousands of young men that are suddenly poured in upon him will not adequately discharge federal responsibility, and my object in writing you is to plead with you to give this problem that consideration which in my opinion it merits and which, I am convinced, has not up to the present time been given to it by the federal authorities.

After I had dictated that letter I received a letter from a prominent business man in Vancouver, a former president of the board of trade and former president of the manufacturers' association, containing a paragraph

which I am now going to read. This business man says, and I attached it to my letter:

I am also enclosing you a copy of the Strike Bulletin, the first issued by the young men who are in from the camps. They are tagging on the streets to-day. It is a sad situation. They are on the average bright, healthy, clean looking young boys, and might be either your sons or mine, and it is just too bad the buck is passed between the three governing bodies to the extent it has been. If something is not done, there is going to be trouble. These young men will not stay in camps and be deprived of taking their share in work and wages with others.

That was the opinion of a sane business man, as I have indicated, and I passed that opinion on to the right hon. gentleman largely because this sane individual, and he is in every sense that, made this observation: "If something is not done, there is going to be trouble." I felt myself that he was right, and I felt so much concerned about it that I passed the information on. I received a brief answer from the right hon. gentleman which I will read:

I duly received your letter of April 30th, enclosing a telegram signed by the board of St. Giles United church and Chown United church. A similar message had already come to me and had been given careful consideration.

Although there is practically no trouble in the other relief camps, the only suggestion put forward by the British Columbia government is to provide "work and wages" for everyone. If this were done, it could not be confined to those now in the camps, but would bring in thousands of people who are not now on relief, and, in my opinion, it would be beyond the power of the people of Canada to support such a policy throughout the dominion.

Thanking you for writing me so fully and frankly,

And so forth. That was signed by the right hon. gentleman who was acting Prime Minister (Sir George Perley). I thanked him for his courtesy, and I have no complaint to offer in that respect. But, sir, it strikes me that that is not good enough for the people of this country. We are not going far enough in merely dismissing the matter in that way.

Well, the days passed and the trouble in Vancouver was quite serious at times. On one occasion these young men walked through one of the big department stores and destroyed considerable property, five or six thousand dollars' worth. There was a good deal of trouble but not nearly as much as one might expect when fifteen hundred men from the camps were gathered in a city where there were already a lot of idle men. But on the whole there was not very great trouble until after the longshoremen's strike broke out, which was an entirely separate matter and had nothing to do with these young fellows.

On May 23, after the Prime Minister's return, I felt it was my duty to write again because in the meantime I had received a letter from the mayor. I therefore wrote to the right hon. the Prime Minister in these terms, and I ask hon. members of the house to do me the courtesy of listening to this because I make some suggestions in it which I wish to make again to-night. I wrote:

I received a copy of the letter of the mayor of Vancouver dated May 17th, which was sent to yourself, several others, and to myself.

It was a letter that was sent to a number of persons.

This is too serious a matter to allow personal criticisms of the method of approach by the mayor of Vancouver to interfere. May I therefore, with due respect but with great urgency, write you as follows.

First, will you kindly read a letter I submitted to Sir George Perley, Acting Prime Minister, on April 30 last (copy of which I attach hereto).

That is the letter I have just read.

Second, without labouring or arguing the matter, may I make the following suggestions toward the solution of this problem:

(a) That the federal government immediately discharge its promises to complete the trans-Canada highway by energetically undertaking that work throughout British Columbia.

This in itself would absorb a large proportion of those young men who are now housed in these camps.

(b) That the dominion government should institute a program of road construction from the great national parks in British Columbia and Alberta to the international boundary in cooperation with the provincial authorities.

At present you have many millions of dollars tied up in these parks with only the most atrocious roads approaching them from the international boundary. I have fully discussed this with several of your ministers, and urge it as a practical and ultimately remunerative program.

(c) Many of the great watersheds of Canada are becoming rapidly denuded of their forests with danger firstly, to the watersheds, and secondly, the loss of timber without provision for reforestation.

I therefore suggest a program of reforestation which will take many years to complete, absorb a great many men, and will ultimately amply repay the country for the money expended. This would be healthy, useful work on a sound economic basis.

(d) I suggest to you again, as I did more than two years ago, that you call a conference of those leaders in finance who control the credit of Canada and submit to them the fact that new housing and general construction in Canada (replacement, maintenance and repairs) is approximately three years behind normal.

There is an abundant supply of material, skilled workmen, engineers and architects.

There is an absolute need of housing. The only thing lacking is an intelligent application of the credit of the country, now in private hands, to the solution of this problem. It is therefore not unreasonable to submit to those who control the private credit of the country this problem and require from them a declaration of their attitude toward the same.

It is my considered opinion that if they refuse to discharge this responsibility then the state is justified in stepping in and organizing a great building and construction corporation financed by a public issue of bonds and make these advances for construction purposes at a very low rate of interest. This whole matter would be self-sustaining and ultimately amortize itself.

I make these four suggestions to you because I am deeply concerned about the terrible seriousness of the situation and am convinced that adequate leadership can only emanate from the federal government.

I received no answer to that from the Prime Minister but I did receive the following letter from his secretary:

I have for acknowledgment your letter of 23rd May, and regret that owing to the fact that the pressure has been so great recently the opportunity of dealing with the matters therein set forth did not present itself until to-day.

The questions raised in your communication have been brought to the attention of the ministers, whose departments are affected thereby.

Yours faithfully,
A. W. Merriam.

I am reading these letters to place myself clearly before the house. Both letters were written before this difficulty arose and this trek to Ottawa commenced, the first letter on April 30 and the next on May 23. I wrote those letters because I was convinced that the situation was serious and I was mortally afraid that if these men started to move towards Ottawa, as they later did, there would be trouble and tragic results. It is a most disturbing thing that we are here in parliament while 2,000 men, not all of them from British Columbia by any means, are gathered in the very centre of the country. Yesterday there was bloodshed and trouble. I cannot press upon the attention of the house too strongly the solemn words uttered this afternoon by the Prime Minister when he referred to the officer who lost his life and the others who are at death's door. This is a most serious thing. The lives of many of these young men are being risked in these disturbances and I am convinced that if parliament will frankly face the situation and give the government its unlimited support, a program of this kind can be adopted without impairing at all the financial structure of this country.

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

Mr. STEVENS: I was not nearly finished.

Some hon. MEMBERS: Go on.

Mr. STEVENS: I should like to add a few things if I might be permitted.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: The hon. member may proceed with the unanimous consent of the house.

Mr. STEVENS: I had not noticed the rapid passage of time. I believe that parliament could give the government its mandate, shall I say, to undertake something of this kind. I am not saying that this is the only way, but may I just refer to what I said? It is not very complex. First, I suggest utilizing the services of these men on the federal highway. A few moments ago I was figuring out what the demands of these young men amounted to. I am not going to split hairs over who made the demands or who drafted them. They ask for fifty cents an hour, and that is not an unreasonable thing to ask for. Six hours a day for five days a week amounts to $60 per month. I understand that it is now costing the government—the minister will correct me if I am wrong—somewhere between $45 to $48 per month to support these men.

Mr. STIRLING: Thirty-nine dollars.

Mr. STEVENS: The minister says $39 but I do not know whether that covers all the police activities and the other expenses which are necessary; I doubt if it does. Suppose it is costing us $30 or $40 a month; for a difference of $20 a month we can secure from these young men a full day's work. It is true that the day will be a short one of six hours, but these men will be given reasonable contentment and their self respect will be saved. At the same time parliament will be saved the terrible embarrassments to which it is now subjected. We can put thousands of these young men from British Columbia to work on the highway and the other roads to which I referred.

May I draw the attention of the house to the fact that we have invested millions in our national parks but we still have a barrage between the parks and the international boundary which prevents tourists from entering the parks. They can come up but when they go back they tell their friends about the awful roads in British Columbia. It is true the provincial government is trying to

patch up these roads but they cannot do very much. If these roads were put in condition I venture the statement, with which I believe the minister will agree, that we would multiply the number of tourists by ten. Every tourist pays $2.50 to enter our park and our revenue would be increased which would salvage some of the cost.

I suggested reforestation also. I say to this parliament as earnestly as I can that there is an area of several thousand square miles north and west of here which will be a wilderness in a few years unless some authority takes hold of the question of reforestation. It is not sufficient to say that that is a provincial duty, the duty of parliament is first to formulate a national policy utilizing the national parks and other forest reserve areas and then enter into cooperation with the provinces for a reforestation scheme. We could thus absorb twenty or thirty thousand of these men quite easily. The other suggestion I made was in connection with housing; I think this offers wonderful possibilities, and there are other suggestions which could be made. I implore parliament to give consideration to the putting into force of constructive efforts to put these men to work.

I should like to conclude by making one or two references. This afternoon while listening to the debate there was brought to my memory an essay of Lord Bacon which I read many years ago. One of the most important things where seditious disturbances obtain is to remove the causes of sedition, and I think that was the view held by Lord Bacon a couple of centuries ago when he said:

> Concerning the materials of seditions, it is a thing well to be considered; for the surest way to prevent seditions (if the times do bear it) is to take away the matter of them; for if there be fuel prepared, it is hard to tell whence the spark shall come that shall set it on fire. The matter of seditions is of two kinds; much poverty and much discontentment.

I pause there for a moment to emphasize that seditious disturbances can arise only where there are underlying causes which form a fruitful ground for their growth. "For if there be fuel prepared, it is hard to tell whence the spark shall come that shall set it on fire." These young men have been labouring under a sense of injustice, not injustice from the government but injustice from the state and from society. As one young boy said to a lady who was interviewing him when he was asked what should be done to improve the camps, "I do not want to improve the camps; I want work." Was not that a reasonable request? Lord Bacon also said:

> The first remedy or prevention is to remove, by all means possible, that material cause of sedition whereof we spake, which is, want and poverty in the estate; to which purpose serveth the opening and well-balancing of trade; the cherishing of manufactures; the banishing of idleness; the repressing of waste and excess by sumptuary laws; the improvement and husbanding of the soil; the regulating of prices of things bendible; the moderating of taxes and tributes; and the like.

An hon. MEMBER: And the tariff.

Mr. STEVENS: Someone says to amend the tariff, and it is quite possible that they might do that. But there are some very good suggestions there, and the point they demonstrate is that it is the duty of parliament within the next few days to address itself to the task of finding some remedy for the conditions which prevail.

I wish to quote briefly from Lord Bryce's work on Democracy, because it is well sometimes to keep in mind some of these old principles:

> The earlier steps towards democracy came not from any doctrine that the people have a right to rule, but from the feeling that an end must be put to lawless oppression by a privileged class.

That is well worth conning over at the present time. Someone asked, what about the price spreads commission report? I submit to the house that if it wants to find, as Lord Bacon says, the causes of seditious utterances, if it wishes to find the causes of such utterances in this country it will have to find them in the evidence given before the price spreads commission of things that have developed and grown on the body politic, conditions that have grown up in the industrial and economic structure of the country which, to say the least, are inequitable and unjust. And it is the presence of these conditions in the state that has caused many to be resentful. The author continues:

> No one is good enough to be trusted with unlimited power. Unless he be a saint—perhaps even if he be a saint—he is sure to abuse it.

The argument therefore is that it rests on parliament to administer the affairs of the country in the interests of all; and that is the reason I make this plea to-night—not that we should criticize the government for the difficult task it is now confronted with. Let us stand by the government. I noticed the other day that hon. gentlemen opposite applauded the Prime Minister when he described the difficulties and the manner in which the government was facing them. Hon. gentlemen did well.

Mr. POULIOT: I was not here.

Mr. STEVENS: No, my hon. friend was not here, but hon. gentlemen did well. But that does not discharge the duty of parliament; it is merely saying to the government that in so far as the discharge of its duty is concerned parliament is behind it. The other problem, however, the problem, namely, of removing the causes which have led up to the disturbances, is a responsibility still undischarged by parliament, and what I ask is that before this parliament prorogues we offer to the young men of this country who find it so difficult to get a job some hope for the future. Let me say to the Minister of Justice, who has left his place, that when he says, as he said this afternoon, that a camp has been opened for the marchers to go to and where they may obtain shelter and food, that is all very good. But would it not be infinitely better if we sent a messenger to these young men, offering them some hope for the future, some hope of getting employment and earning a living? If we did that we should quickly witness the dissipation of the seditious disturbances which have caused so much unrest and trouble and anxiety.

Mr. A. A. HEAPS (North Winnipeg): I very much appreciate the address made by the hon. member for East Kootenay (Mr. Stevens) and I am also pleased to have observed the excellent order which hon. members of his own party preserved as he delivered his speech, because it was in such decided contrast to the reception which my hon. friend from Winnipeg North Centre (Mr. Woodsworth) had this afternoon. I hope that what the hon. member for East Kootenay did say struck a receptive chord in the hearts and minds of hon. members of his own party. There is one thing which he has done which hon. members ought to appreciate, and it is this. An attempt has been made to associate everything in connection with the camps and the young men on strike with the communist agitation in the dominion; everything connected with the camps is represented as part and parcel of that agitation. So far as the communists themselves are concerned, I do not wish to say very much about them to-night. Probably in the next couple of months there will be no other member of the house who will have the same opportunity of discussing them as I shall have in my own constituency of North Winnipeg, because I know of no member in this house whom the communists would prefer to fight and fight more strenuously than the members of the Labour group in the House of Commons. I do not wish however to deal to-night with that aspect of the question, but I do want to say a word or two with regard to the situation in Canada.

The hon. member who has taken his seat made a very moving plea for the twenty thousand young men unemployed at present and for whom work ought to be found. With that I am in hearty accord. But I believe also that while we should find work for the twenty thousand young Canadians now without employment, these are hundreds of thousands of older people out of work for whom work should be found, and it is just as imperative to find work for them as it is to find work for these younger people to whom the hon. gentleman referred. The problem of the twenty thousand young men is part of the whole problem of unemployment which the government must face, and you cannot dissociate that phase of it from the rest of the situation that prevails from the Atlantic to the Pacific. However, I wish to say a few words particularly with reference to the Regina situation.

It is indeed unfortunate that the young men from the camps came under the control of leaders who are part and parcel of the communist movement in Canada. There is no doubt there was bad leadership so far as the young men were concerned, but I cannot say that the government have shown good leadership in the way they have handled the situation, because they are to blame to a certain extent for the way in which they have managed it. In regard to Regina, and especially the situation that developed last night, the Minister of Justice (Mr. Guthrie) this afternoon made a statement in which he gave his version, which we must accept as the official version of the government, of the unfortunate occurrences there last evening. The statement made by the minister does not seem to tally with the press dispatches from the scene of the trouble last night. It is said in the newspapers of this morning that the police, mounted and city, swooped down on a meeting otherwise peaceful—that there was no trouble until they took that attitude. If that was so, then the statement made by the Minister of Justice this afternoon was at complete variance with the public statements of the newspaper correspondents who happened to be present at the riots last night. Secondly, I should like to know why it was that the mounted police found it necessary last night, when going to a peaceful meeting, to wear steel helmets. I do not understand that aspect of the situation; for if there was going to be no trouble, if they were not out to disperse a peaceful assembly, I do not see why steel helmets

were worn. The Prime Minister (Mr. Bennett) said this afternoon that the meeting was unlawful in its character. I would say that the proper way to have handled the situation last night, assuming that it was unlawful—and I am not sure whether it is unlawful to hold a public meeting in the market square in Regina—was to arrest those who were responsible for the calling of the meeting, but to allow the meeting to take place and to finish in a peaceful manner. The audience, consisting of two or three thousand men, women and children, had assembled believing that it would be a peaceful meeting. If the police were going to take action against those who were peacefully assembled there I think the least that might have been done was to give warning to these people that they were in an unlawful assembly, and they should have been allowed to disperse quietly and peacefully. Evidently, according to the newspaper dispatches, this was not done.

Then may I go a step further. I do not like the use of force if it can be avoided. After all in circumstances such as these force is no remedy. Force never was and never will be a remedy so far as young people like these are concerned. I read in to-night's papers that these young men in the exhibition grounds at Regina are surrounded by mounted police who are armed; they are surrounded by an armed force. I do not know why these young men should be made to feel the full effect of the force of law in this dominion. Both in my travels on the continent of Europe and in my early life in Great Britain I learned the difference between the continental and the British attitude towards law. In Great Britain you find respect for the law; on the continent you find fear of the law. I would far rather see the British idea of respect for the law prevail in this country than to instil into the minds of our younger generation a fear of the law which as they grow older will cause them to have a grudge against the state, which they should not have if they are given a proper opportunity in life.

What do we find? These young men are described by the hon. member for East Kootenay as young men who might be our own sons. Through no fault of their own but owing to economic conditions for which they have, of course, no responsibility, they are compelled to go into concentration camps. I know it has been said by hon. members opposite that they are not forced to go into these camps. But may I inform the house that to my own knowledge young men who were the recipients of civic relief were cut off such relief and told to go into these work camps so that they would be less burden to the municipalities. If that was not forcing them into the camps, I do not know what it was. With the hon. member who has just spoken, I think that this parliament ought not to adjourn until something is done to deal with this problem. After all, if there is one thing that this parliament was elected to do almost five years ago it was to grapple with the problem of unemployment; yet here we are further from a solution than when we met in September, 1930. In July, 1935, we are facing one of the most difficult situations that the parliament of Canada has ever faced. I know we may all have our share of responsibility either individually or collectively for the lack of action by this parliament. It may be difficult for me to say at this moment and in the present discussion what we should do. I do not know whether what the hon. member for East Kootenay has proposed is a solution; I doubt very much if it is. But so far as the young men in the camps are concerned, either in the east or in the west, I would like to see the government adopt a far more sympathetic attitude towards them than they have shown in the past few weeks; for after all these young men are the rising generation. Some of them have recently left school; some are from the universities, and, as the hon. member who has just spoken said they are a fine, clean-cut body of young men. I know several who have been compelled by economic necessity to go into these camps to eke out an existence. Giving these young men $40 or $50 or $60 a month for work in the camps as proposed by the hon. member for East Kootenay would be a much better method of dealing with them than the subsistence measures adopted by the government. But there are other methods that could be followed for dealing with the situation. Personally I would like to see these camps abolished. Second, I would like to see them taken from under the control of the Department of National Defence, and the military character of the administration entirely done away with. If these young men were given an opportunity they might become men that the country could be proud of, but given the conditions under which they are living to-day there is no telling what their future may be.

I do not know that there is much more that I can say at this time. I have asked the government to deal more sympathetically with these men; in fact we in this corner have taken that stand for quite a length of time. I believe that these camps ought to come under the Department of Labour. This after-

noon we heard statements in connection with conditions in these camps, taken from the official records of the government, which do not altogether tally with the report of the royal commission that investigated camp conditions in British Columbia. May I quote from page 12 of the report of the Macdonald commission, the section entitled Forgotten Men. It says:

> A growing conviction seems to have entered the minds of most of the men that they are a forgotten group. The isolation of many of the camps renders it impossible for men to keep in touch personally with former employment or with new work opening up. It is true that the provincial labour bureau does seek to bring men in camps to the attention of employers, and that the department will furnish transportation to men going to bona fide positions, yet the employment of men from the relief camps is so rare that a fixed idea prevails among the men that they are deemed unsuitable for employment, and are shunned by those seeking workmen. We did not find evidence to substantiate this opinion, but are convinced that such a feeling exists in the minds of the men, and adds very greatly to their unrest and dissatisfaction.

And again, quoting a further section of the same report, at page 13:

> When one remembers that during the long winter months most of the camps are almost completely isolated, and that weather conditions leave very many days with no possibility of work, it is easy to realize the large part that better recreation arrangements play in the contentment of the men. Some of the camps have radios—many have not. Some of these have been donated, but others have been bought by contributions from the men and canteen profits. Tubes and batteries wear out, and there are no funds to replace them. The installation and maintenance of a radio in each camp would be a worthy attainment. Lectures or entertainments, except in a very limited way, were not provided.

This goes to prove that everything is not quite as rosy in these camps as some hon. members who have spoken have attempted to make out. What I wish to impress upon the government is if only these young men who to-day find themselves the victims of economic conditions over which they have no control were given a decent opportunity they would grow up to be good and useful citizens. Under the present circumstances there is no saying what may happen to them. They find themselves the unwilling victims of a certain class of agitator for whom no hon. member of this house, I think, has very much use. Yet there is no more fertile field for the dissemination of communist propaganda than in those camps in which the outlook of the men for the future is so dark and hopeless. If the government want to stamp out that kind of propaganda let them do as the hon. member for East Kootenay suggests; let them go to the root of the trouble, deal with causes and not so much with effects. If they do that, hon. members in all parts of this house will give support to any suggestion which the government have to make for dealing with this extremely difficult and complicated situation. Some few years ago we in this corner of the house suggested that the men who find themselves in these camps might be established in self-contained, self-sustaining units throughout this country. We believe that could be done. It has been attempted in some parts of the world with a certain amount of success, and there is no reason why the same thing should not be done right here in Canada.

In conclusion may I say that I do hope our government, instead of using force towards these young men, will show a more conciliatory spirit and do something which will allow them to become the type of Canadian citizen of which future generations may be proud.

Mr. T. L. CHURCH (East Toronto): Mr. Speaker, the riots and unrest in the west are bringing very vividly to this house and to the country the greatest problem Canada has to face, namely, that of unemployment. I agree with much of what was said by the hon. member for East Kootenay (Mr. Stevens) as to the immediate necessity for the adoption of a vast reconstruction, housing, building, land settlement and reforestation policy for the people of this country; the quicker it is done, the better.

What are the insurance companies doing about the unrest and unemployment that exists throughout the country? You must look at the causes and effects of the riots that have occurred in the west. There is unrest caused by unemployment all through the country. The universities have closed; the high schools are closing, and this is aggravating the unemployment situation in the industrial centres. In my opinion, the banks and insurance companies should do something in our support On the other side of the line the New York Life Insurance Company at Gravesend Beach, Brooklyn, has lent $25,000,000 for the construction of houses at cut rates in order to get people off the dole and back at work, and they have lent that money for reconstruction without municipal, state or federal aid, and have come to the support of the government. Why not here? The insurance companies of Canada, which are hoarding a great deal of money, should do something for housing and reconstruction in this country. In addition, as I said the other day, the high interest rates

charged by the mortgage companies, the high bank rates, and the high rates on insurance loans, chattel mortgages and liens, together with the shark loan companies, all are helping bring along the unrest and unemployment that we have to-day, and it is the duty of parliament to do something. Only last Saturday I was approached by a number of unemployed in the industrial city from which I come. Some of them wanted to march to Ottawa. They said, "We have had two hundred and forty-five marchers in Ottawa,"—meaning the members of this house—"you among them, since January 17, and what have you been doing?" I could not answer that argument.

The housing policy that has been adopted is not my proposition. My proposal was placed before the house three days after parliament met on January 24; it included a gigantic reconstruction, housing, building, land settlement and reforestation policy, adapted to Canada's financial circumstances, to get people off the dole. I agree with what has been said by the hon. member for East Kootenay with regard to a reforestation policy. In Italy to-day they are getting people off the dole and back at work by means of a vast building and reconstruction policy. They are building municipal, state and federal institutions for the future; they are carrying on reforestation; they are constructing schools, hospitals, houses both city and rural, trunk sewers, breakwaters, harbour improvements, reforestation projects, and many other gigantic public works. They are building for the next fifty years, and that country is recovering very rapidly. During the past week I have received one hundred and four letters and several telegrams from the industrial district from which I come complaining about parliament having sat here since January 17 without doing anything to reduce interest and mortgage rates. I tell you the day of high money is gone. I have here a letter from a returned soldier with five children, living in northwest Toronto, who pays 7½ per cent on a first mortgage and 12½ per cent on a second mortgage, and he is working only part time. In connection with the housing policy it seems to me that parliament is more concerned with the mortgage companies than with the people of this country. I tell you, Mr. Speaker, parliament should do something. They are doing something in England; in the past twenty years they have voted some £400,000,000 to aid in housing, and they have had unemployment insurance since 1907. That is why they are recovering more rapidly than we are, though Canada has a similar problem. If Canada could only get half a million men off the dole and back to work by the end of the year most of our difficulties would be overcome. That could be done by a proper policy, such as I suggested on January 24. Under the resolution I introduced at that time it was not proposed to spend money like water. The policy would have to be adapted to our circumstances, but under it we would have reconstruction in this country from Vancouver to Halifax, in all the larger centres of population, in order to get the people off the dole and back to work.

Then what about protection? As a Conservative party we should be consistent protectionists; we should have protection for all the people, not for just some of the people. We have boards in connection with agriculture and farm loan boards and in connection with fisheries, but what about the industrial workers in cities and towns who constitute about forty-six per cent of our population? Many of these strikers were formerly industrial workers; we should have protection for them. We are providing long term twenty-five per cent loans to fishermen on their lands, boats, nets and gear. We are providing that the Canadian farm loan board may pay for their taxes, their insurance and everything else, and we have the same principles in connection with agriculture. Then in the name of all common sense if we are protectionists let us have protection for all; let us have protection as a principle, not as a privilege. Let us have protection for the masses, the industrial workers of this country, not simply protection for the high interest rates charged by the mortgage companies. It seems to me, Mr. Speaker, that some of these mortgage companies' officers and lawyers have more influence to-day down here than half the members who sit on this side of the house. If this is all the timber we have for a housing policy in this country then I say the sooner we have a reforestation policy the better.

In my opinion communism will have no chance in this country if only the two old parties will do something, but unless the two great parties open their ranks to new men, and their minds to new ideas, and unless they follow new ideals, we will be letting in the socialists five or six years from now. This is the time to do something. We have been sitting here since January 17. The greatest problem in the country to-day is unemployment and distributism, and the sooner we realize it the better. There is unrest through unemployment in the city from which I come, as well as in East York and West York. People cannot pay the interest on their second mortgages. Some of these shark loan com-

panies are charging 35 and 40 per cent, and unpaid interest is added on, as the hon. member for Battle River (Mr. Spencer) indicated in connection with another bill last year. I have the utmost sympathy for these people, but I have no sympathy for those who are charging these high interest rates and causing this unrest throughout the country and preventing building and housing development. I sympathize with these young men who are on the road; I believe a great many of them come from good homes. I know some of them left home because they did not like to hang around and sponge on their fathers any longer. I was talking to some soldiers about this question only last Saturday. They have had some of their children of high school age around home for some time; now some of these children are out on the road looking for work, no one knows where. These boys of high school age are from some of the finest homes in the country, but they can get no work. They go out on the road; then they get into trouble and land in the law courts, and we are filling the penal institutions of this country with the flower of the land while parliament meets and does practically nothing at all to aid or help solve the problem of unemployment and youth and the cause and effect of it all. I say we should adopt the policy along the lines I proposed in this chamber on January 24. A committee was appointed, but with its report I cannot agree. If we are to have a housing scheme, let us have one; but do not let us have all scheme and no housing. Let us do all that is humanly possible to help get people off the dole and remunerative employment. A reconstruction policy will help.

Miss AGNES MACPHAIL (Southeast Grey): Mr. Speaker, I am sure there is no hon. member who was not alarmed when he read the account of the riots in Regina last night. For some time many people have been asking themselves what right the federal government had to stop Canadian citizens riding in automobiles or trucks or walking along the highway. What right has a government to stop any group of Canadians from coming to Ottawa? In 1932, the year of the imperial conference, four thousand farmers came to Ottawa. It is true that no member of the government met them. That was an act of discourtesy which it is hard for the government to explain. But the fact remains that no attempt was made to stop their coming to this city.

An hon. MEMBER: Law abiding citizens.

Miss MACPHAIL: Someone says they were law abiding citizens. Certainly, but no proof has been offered that the twenty thousand men in the camps are not law abiding citizens. Then, during the war five thousand farmers came to Ottawa, and I am not so sure that they were particularly law abiding. I do not think angrier farmers ever went anywhere than those five thousand farmers who came to Ottawa during the war, nor indeed the four thousand who came in 1932, after the very courteous invitation to any hon. member of the government to address them had been refused. They were angry enough to do anything. If they did not riot it was simply because leadership did not appear at the moment directing their actions in that particular line. Certainly their lack of action was not through their lack of disgust with the government.

Without even pretending to know anything about constitutional law, a fact which probably places me in a position different from that occupied by some other hon. members, I question very much whether the federal government has the right to go to the city of Regina, take the attitude it has taken and act as it acted last night. I think we need not depend altogether on press reports, because some private messages have come through from middle class, highly educated people corroborating the stories carried in the press. The indications are that the meeting was being conducted in an orderly way, and that it was the police who broke it up. They were the instigators of rioting and disorder.

Mr. LOUCKS: It was the city police who did that.

Miss MACPHAIL: I would not be so sure about that. I think the point raised by the hon. member for North Winnipeg (Mr. Heaps) is an astute one. He points out that the police came out wearing steel helmets; people who come wearing steel helmets expect trouble. In all probability they knew what their part was to be, and expected that anything to be found would be thrown at them.

I believe the leaders who made their representations here in Ottawa are and were at that time communists; there is no doubt about it. But I believe it is also clear that the bulk of the men in camps are not communists, and I believe each one of us sitting in the House of Commons, regardless of politics, when he read of the interview between the Prime Minister (Mr. Bennett) and the eight delegates, felt that the right hon.

gentleman had been particularly unfortunate in his treatment of them. I would say he is rather unfortunate in his treatment of most delegations. His treatment of the farmers in 1932 is something not easily forgotten. On this occasion he threw in the face of the man Evans the fact that he was a ticket-of-leave man, while Evans, communist that he is, had until that moment remained courteous. I am not so sure that anyone could justify that method of procedure, and the fact that he drew attention to the suits they were wearing and fountain pens. Have we ever asked ourselves why we can buy fairly good clothes and fountain pens? That did not seem to me to be a proper way to meet the delegates who came to Ottawa representing a very large body of men. I think each of us was struck by the orderly conduct of the men from the time they left Vancouver until the eight delegates left to come to Ottawa—and I am not condoning their conduct while in the presence of the Prime Minister. One could not do so any more than one could condone his conduct.

From the point of view of the future of Canada in my opinion it is much healthier to find that twenty thousand young men are restless to the point of revolt, after having been kept in camps from one to three years, than it would be if they were content. Why should we expect young, virile people, whether they be men or women, to be content with a life which at best gives food, provides work which may not be interesting and for which there is no pay, and houses them in camps where all natural living and interests are denied? It is not reasonable to expect that they would be content with such a life, nor would it be healthy for Canada if they were. What outlet is there for the ambition, imaginations and energies of these approximately twenty thousand young Canadians? What does the future offer them? What hope have they of founding a home and making the natural contacts with members of their own or opposite sexes, if they are to be kept in camps from year to year?

I think the exhibition offered by members on the government benches—not by all, it is true, but by many of them—when the hon. member for Winnipeg North Centre (Mr. Woodsworth) was speaking was one which should not have been made in the chamber of any governing body in at least an English speaking country. One member distinctly called out to the hon. member for Winnipeg North Centre: "What are you grouching about? You have enough to eat." If that is not a low plane upon which to consider this whole matter, then I have never heard of one. Surely we who have enough to eat, who have reasonably good clothes to wear and some security—at any rate until about September—should be willing to consider the well being of these young men who have not that which they as much as we deserve, but which we have and they have not.

Do hon. members in this chamber think they are better than these men? I think not. I do not think I am any better. I believe they have the same right as we have to Canadian life and the best that Canada can offer. If we are going to continue indefinitely keeping 1,350,000 people on relief and twenty thousand of them in relief camps we had better take turns. If we have not brains enough to distribute the plenty that exists, then I say that at any rate we should be sporty enough to take our turn at living the sterile life which these twenty thousand are called upon to live.

I think, and I have thought it a good while, that we could have a very extensive program of public works of one kind or another, and that if we were willing to think of money as an expression of wealth we could finance it. I do not know how long it will take us to get round to that, but surely some time we will get to it. Not because I am not a member of the government but because I am a Canadian, I resented the attitude shown this afternoon by government members. I resented, further, the exclamation hurled at the hon. member for Winnipeg North Centre, and I appreciate the speeches made by the hon. members for East Kootenay (Mr. Stevens) and East Toronto (Mr. Church). The observations of these hon. members indicate that even in the government party there are people who realize the true facts and the possibility of very great trouble unless we come to our senses.

It is altogether too simple to say that this was a communist uprising. The government have played that little trick too often. Every time they get into a jam one of them, and particularly the Minister of Justice (Mr. Guthrie), begins to shout about the communists. But it is like the old story about crying "wolf, wolf!" after a time it becomes outworn and does not get the expected result. I felt sure when I heard that the explanation was to be given this afternoon by the Minister of Justice that the government were certainly in a tight corner because there is no one on the government benches who can sound so plausible as the Minister of Justice, and none who can so effectively raise the bogy of communism, with the possible excep-

tion of the Prime Minister. Let us admit that Evans is a communist; let us admit that Collins who came here is a communist; I think there is no doubt of it.

An hon. MEMBER: Then why are they leaders?

Miss MACPHAIL: I do not know. They are not my leaders; I did not choose them. I suppose they are leaders because no one on the government side or any members of the government offered any leadership to these twenty thousand young men, and they were desperate and were looking for leadership. Let us admit, I say, that these two young men are communists, but at the same time let us be reasonable and sensible and admit that among these twenty thousand men who are in camps throughout Canada there are just as fine young men as are to be found anywhere; and if the present economic condition continues as it is, in another two or three years there will be turned out of our public schools, business colleges, high schools and universities another vast army that will have to go into these unemployment camps, or go on relief I was going to say, but it seems that it will be into the unemployment camps. So we might very seriously consider the matter, and no longer say over and over again the word communist, communist, communist, thinking we are forever going to frighten thinking people in Canada by such methods. I say that as creators of communism the Prime Minister takes the cake. I think he has done more to create communists in Canada than any other ten men, and that would include Evans and Buck and Collins or whoever they were. The one speech he made the other day in meeting these men and the speech he made to-day will before to-morrow morning have created communists out of people who before have thought sympathetically with communists.

Mr. B. M. STITT (Nelson): Mr. Speaker, I have listened with a good deal of interest to the hon. member who has just taken her seat (Miss Macphail). It would seem that one of the purposes of her speech was to make it appear that the guilty parties in this riot at Regina were the Royal Canadian Mounted Police.

Miss MACPHAIL: I did not mention them at all.

Mr. STITT (Nelson): You mentioned steel helmets, if I remember aright. I do not think the hon. member could have read her newspaper very closely to-day or she would have a different opinion from that. I hold in my hand a copy of the Ottawa Evening Journal of July 2—

Miss MACPHAIL: I read the Citizen.

Mr. STITT (Nelson): All I can say in reply to that is that the hon. member is misguided. On page 13 in the first column I read this:

> First warning of the raid on the meeting called by the strike leaders to explain their negotiations with authorities and ask for funds for food was a quick rally of police from the vicinity of the police station.

That is the city police station:

> The station abuts on the market square. Carrying batons, city police moved into the crowd and the Royal Canadian Mounted Police followed. A few minutes later additional Royal Canadian Mounted Police were brought to the scene in trucks, and about fifty came on horses.

So the city police were the first to move into this crowd, not the mounted police at all.

Miss MACPHAIL: Did they not have steel helmets?

Mr. STITT (Nelson): I think it is just possible that in discussing this afternoon this tragedy at Regina some hon. members allowed themselves to be carried away. Some of the speeches certainly contained more heat than light. Some of them went so far as to attempt to make political capital out of what happened. So far as this party is concerned, Mr. Speaker, I think we are only doing our duty as we see it. That is what we were sent down here for, to maintain British institutions and to preserve this empire which I think we all love and revere, and so far as possible to better the conditions of our people. I think the people of this country, those whose minds and eyes are not blinded with prejudice, will admit that we have done a pretty fair job. It is true that we have not been able to keep all our political promises which were made in the heat of the election campaign.

An hon. MEMBER: That is true.

Mr. STITT (Nelson): But that is not confined to the Conservative party. Let the Liberals go back and read their 1919 promises and they will see that they did not keep all of their promises either. People who live in glass houses should not throw stones.

I think that the Prime Minister (Mr. Bennett) is to be congratulated rather than condemned for the stand that he has taken on this question. Communism is running riot in

this country. It has even gone so far, I think I am not unfair in saying, that it has almost gained control of the Cooperative Commonwealth Federation.

Mr. SPENCER: Explain.

Mr. STITT (Nelson): I can do that too. I will explain it as I know it. I had in my constituency last year one of the most serious industrial strikes that had occurred in this country for years. At Flin-Flon, Manitoba, fifteen hundred miners were called out by communists pure and simple. Communists like Ross, Mabel Marlowe, and Coleman, with a long criminal record, all out and out communists, were out there organizing that strike. Who was the leader? Alec Stewart of Flin-Flon. If he is not a communist he runs in very dangerous company. He was certainly running with these communists. What happened? Only a couple of short weeks ago Alec Stewart, the leader of the Flin-Flon strike, was nominated as the Cooperative Commonwealth Federation candidate in my riding. If communists are not getting control of the Cooperative Commonwealth Federation I miss my guess, and the hon. member for Winnipeg North Centre (Mr. Woodsworth) had better look to his laurels. I believe he realizes that at the present moment.

As I said, Mr. Speaker, the Conservative party was elected to maintain our institutions, to endeavour to improve the conditions of our people, and to preserve our empire, but we have a further duty. As a matter of fact we have two duties to perform: (a) to honourably and courageously live up to our ideals and traditions, and (b) to fearlessly and earnestly tear the mask of moderation from the bolshevik features of some of these socialists organizations that are running around this country, and I am not excepting the Cooperative Commonwealth Federation when I say that, not as I know them in my constituency at any rate. As far as the Conservative party is concerned we intend to do our duty. At least I hope we do, and I certainly will press for it myself as long as I am in this party. Our party may be defeated at the polls, we may go down to defeat, but it will be with our flag flying, defeated but not dishonoured.

I have spoken on former occasions against these camps. I have expressed dissatisfaction with them. I remember that when the minimum wage act was introduced in this house I went so far as to say that I hoped the first place the government would apply it would be in these relief camps. I reiterate that statement. I am not in favour of these camps. I go still further. The Minister of National Defence (Mr. Stirling) made the statement here to-night that it cost $39 a month to maintain the men in these camps. If that is so, I say there is something rotten in the state of Denmark; it is costing too much for administration. I am not saying there is anything dishonest about it, but it is costing too much for the value received. It would be far better for this country to give these men in the camps this $39 per month and take a day's work from them.

I wish in conclusion to congratulate the Prime Minister on the stand he has taken on this whole matter. We cannot let mob rule run riot in this country. I am one who went overseas in order that the peace, happiness and security of this country should be preserved. I am one returned soldier who will again take up a rifle to defend my home in my own country.

Mr. G. G. COOTE (Macleod): Mr. Speaker, as I am not interested in the fate of parties I shall not attempt to follow the hon. member who has just spoken (Mr. Stitt, Nelson). I rise this evening because of the very fine sentiments expressed by the hon. member for East Kootenay (Mr. Stevens). I want to say that I appreciate the attitude which he showed in his remarks so far as the young men of Canada are concerned. I was quite struck with the quotation he made from the letter of the then acting Prime Minister (Sir George Perley), that he thought this country could not support a program of work and wages for the men in the relief camps and all other people on relief. I disagree heartily with that statement. This country can afford a program of work and wages. During the war we raised an army of 500,000 men; we fed and clothed them and furnished them with tons of supplies including guns and munitions. We kept that up for over four years and we could have equally well, financed a program of work and wages during the last four years. We could have put all the men in Canada on relief to work and paid wages. That has been our duty for the last five years and we have neglected our duty.

There is plenty of work to be done, and I do not think any hon. member can dispute that statement. The hon. member for East Kootenay has indicated what work can be done, as has the hon. member for Toronto East (Mr. Church). During the last four years I do not think I have missed an opportunity during the debates on unemployment relief bills of pointing out that this country should give work and wages to its people. The only thing that stands in the way is an

obsolete financial system. We have the materials, we have the men, and we need the work done, but we are suffering from an obsolete financial system which fails to reflect the actual realities of physical production. These young men who have got into trouble in Regina are the victims of this financial system and their very lives are being sacrificed to the system. As a matter of fact I think it is quite proper to describe the system as a golden crocodile. For my part I want to protest again against the policies of false economy which have been followed. We have been saying that we cannot afford to give work to these people. Communism thrives on a feeling of injustice and the way for the government to relieve itself of its fear of communism is to give the people a chance to work. If they will not work, let them go, but I know they will work if given a chance.

I do not want to let this opportunity pass without saying that I believe that Canada can well afford to give to every one of these young men work with decent wages, and if we do not do it we are failing in our duty. So far as I am concerned, I cannot accept responsibility because at every session of this parliament I have urged the government to do that very thing. I am deadly in earnest about this thing; I know it can be done. It is our allegiance to an obsolete financial system which stands in the way, and for my part I refuse to accept responsibility.

Motion (Mr. Rhodes) agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

PENSIONS AND NATIONAL HEALTH

Salaries—departmental staff—further amount required, $30,000.

Mr. MACKENZIE (Vancouver): Would the minister explain this item?

Mr. SUTHERLAND: This to to provide a further amount required for departmental staff. It is to provide for more nurses for departmental hospitals, for orderlies and hospital utility men, for investigators and stenographers. Included in this item is an amount of $9,000 to provide for the investigators recommended in the Hyndman report.

Mr. MACKENZIE (Vancouver): Which portion of the Hyndman report refers to that matter?

Mr. SUTHERLAND: The sixteenth recommendation in connection with the present staff of the department.

Item agreed to.

Unemployment relief — further amount required, $500,000.

Mr. MACKENZIE (Vancouver): How much of this amount is to be used for the ordinary purposes of the department and how much to implement the recommendations of the Hyndman commission?

Mr. SUTHERLAND: Practically the whole amount is to be used to implement the Hyndman report. Possibly a certain amount would have been provided for had that report not been issued, but practically the whole of this amount is to implement the report.

Mr. MACKENZIE (Vancouver): The minister will notice that practically all of page 15 and the first portion of page 16 of the report deals with the recommendation for the establishment of a commission. Is it the intention of the government to appoint this voluntary commission?

Mr. SUTHERLAND: It is the intention of the government to appoint a commission to be known as the veterans' assistance commission, but the commission will not be named immediately. It is intended to leave this until the autumn when it is expected that the men to be appointed will be freer to serve.

Mr. MACKENZIE (Vancouver): The minister will notice that on page 16 of the report there are some 16 recommendations. The minister on the previous item referred to recommendation No. 16, but I should like to know if he can allocate this amount to the various recommendations?

Mr. SUTHERLAND: Paragraph 5 on page 16 deals with the basic rate. It is the intention to increase the basic rate for a single man from $15 to $18.75. This rate will be increased according to the size of family up to the point where in the case of a man with a wife and six children the rate will be increased from $42.50 to $51. It is expected that to effect that the sum of $180,000 will be required.

Mr. MACKENZIE (Vancouver): Does that mean that the recommendations are being more or less carried out?

Mr. SUTHERLAND: Yes.

Mr. MACKENZIE (Vancouver): How will the remainder of the $500,000 be expended?

Mr. SUTHERLAND: In connection with paragraph 6, page 16, it is expected to implement (b). If a member of the veteran's family is employed only the earnings of such member in excess of $40 shall be considered

as income. It is not a substantial amount involved. Under (c), cash earnings up to $10 shall not be considered income. That is not new. Under (d), with respect to the months of December and January, cash earnings that also will be implemented. Altogether it is not a large sum, only $7,500.

Mr. MACKENZIE (Vancouver): That is for (b), (c) and (d).

Mr. SUTHERLAND: Yes. Then on page 17, paragraph (8), with regard to the year in which dependent children come off pension, it is the intention that the age limit of dependent children shall be extended beyond that set forth in the Pension Act when deemed necessary. That is not taken in absolutely every case, but the department will have a good deal of leeway in dealing with it and it is expected it will require about $35,000. On page 17, paragraph (9), it is proposed to take all reasonable steps to obviate the possibility of unemployed pensioners who are home owners losing their homes through non-payment of mortgage interest or taxes where the owner has a reasonable equity in the property. It is proposed to allow in lieu of rental an amount to cover the current mortgage interest and taxes, and it is estimated that the amount will be about $20,000. Under paragraph (11) on page 17, with regard to clothing, it is intended to provide clothing for issue at the expense of the department to meet the increasing demand. During the first two or three years of this government the need for clothing had not become so acute; everyone had enough. It has been gradually increasing, however, so that more and more is necessary. We have been issuing a considerable amount and it will increase, and it is expected that this will take about $210,000.

Mr. MACKENZIE (Vancouver): More or less following the recommendations of the paragraph?

Mr. SUTHERLAND: Yes. Under paragraph (12), which is part of the same thing, clothing, provision is also made. Altogether the amount will be $452,500—that is, the items I have mentioned—leaving what might be called a contingency amount of $47,500 which will be used to implement any particular cases in addition to any of the amounts I have indicated.

Item agreed to.

War veterans' allowances—further amount required, $300,000.

Mr. MACKENZIE (Vancouver): How much of this amount is to be used in the ordinary work of the committee under the existing legislation, and how much will be used in connection with the work that will be necessary if the minister accepts the recommendations of the Hyndman commission?

Mr. SUTHERLAND: The commission's recommendation in that regard will be found on page 18, paragraph 13:

> That the war veterans' allowance committee be requested to arrange for periodical visitation of various centres throughout Canada, by one or more members of the committee, in order personally to interview applicants for war veterans' allowance, who are under sixty years of age and who cannot be classified as permanently unemployable from a medical standpoint, but appear to be so from an industrial standpoint, in order to determine whether or not such applicants shall be awarded war veterans' allowance.

It will be noted that the Hyndman commission does not recommend legislation to change the age, but I have discussed this matter very thoroughly with Mr. Woods, chairman of the war veterans' allowance committee, and he is perfectly prepared, as is the department, to have this implemented in full as far as it goes, and the committee are prepared to accept that suggestion and move around the country more. They realize that it is possible that if they come in closer contact there may be some extra cases that will come under the act. It is impossible to segregate the items. They have gone into the matter pretty carefully and it is estimated that this amount of $300,000 will be used to take care of cases that automatically come in from the class of over sixty, and it will afford a rather more liberal interpretation in connection with the under sixty.

Mr. MACKENZIE (Vancouver): Will the committee have considerable discretion in regard to those who are industrially unemployable?

Mr. SUTHERLAND: Yes; they practically have control under the act and there has never been any interference with them. They have a free hand.

Mr. GRAY: I think we should commend the minister, first, on the appointment of the Hyndman commission, which has done excellent work and has brought down a splendid report, and secondly, because he has implemented the report as far as he has been able to do so at the present session.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Natural Products Marketing Act—further amount required, $1,000,000.

Mr. POULIOT: This is a very large item. At Maisonneuve during the last campaign, when the Prime Minister (Mr. Bennett)

spoke about his future plans, a lady asked him how he would pay for it all, and he replied, by taxation. That is how we shall have to pay for the operations of the marketing act. In the evening Journal of January 27, 1933, there appeared this large headline:

Tax Burden of Country Near Limit, Says Bennett

And in the Montreal Gazette of Friday, February 9, 1934, another headline:

Credit of Canada Has Reached Limit, Premier Declares

There is another word which was said by the Minister of Finance (Mr. Rhodes) in April, 1933, according to an article published by Mr. Olivar Asselin in Le Canada on April 24, 1933. The minister is quoted as having declared to a delegation of caterers: "The country itself is bankrupt." I wonder if a bankrupt country can spare a million dollars for a marketing act which is no good. But, sir, there is more—I will ask the hon. gentlemen to be so kind as to listen to what is going on, because if what I say does not interest them it may instruct them. The following information was given to the house by the Minister of National Revenue (Mr. Matthews) on April 3 of this year as reported on page 2375 of Hansard, and by the Minister of Finance on April 10 as reported on page 2595.

The total revenue of the Department of National Revenue for the twelve months ended September 1, 1930, the last year of the Mackenzie King government, was $369,194,448. For the succeeding years it showed decreases according to the figures below:

Calendar year	
1931	$278,842,453
1932	253,453,619
1933	262,778,442
1934	303,471,091

There is a decrease each year in the gross revenue of the country since this government came into power as compared with the last year of the Mackenzie King government.

Now, sir, there are three classes of revenue collected by the Department of National Revenue, that from customs, that from excise tax and that from income tax. The respective proceeds since 1930 are shown by the following figures:

	Customs revenue	Decrease	Excise and income tax
Year ended Sept. 1, 1930	$176,380,895	$	$192,813,552
Calendar year 1931	120,192,964	56,187,930	158,649,488
Calendar year 1932	86,260,527	90,120,367	187,193,091
Calendar year 1933	69,042,222	107,338,672	193,736,219
Calendar year 1934	82,882,922	93,487,972	220,588,168

It means, sir, that when the revenue from customs decreases owing to the shrinkage in external trade there is an increase of taxation by means of the excise tax and the income tax. The private individual under the worst conditions has to suffer the burden of taxation on account of the decrease of trade owing to high tariff policies. I shall deal further with that later on. But now let me give you a summary of the taxation imposed by this government when the Prime Minister tried to implement the promises he made during the last campaign. Let us take first the year 1931. Sessional paper No. 277F, reference No. 214, April 1, 1935, shows:

1. Sales tax increase from 1 per cent to 4 per cent.

Answer by Department of National Revenue: "Unable to state increase on sales tax collections."

2. Postage, one cent more on all letters.

Answer by Post Office Department: "Figures as to the revenue derived from the increase of 1 cent on letter postage are not available as letter postage is not segregated from other postal revenue in the department's accounting records."

3. Half cent increase per pound postage on newspapers and periodicals.

Until February 28, 1935, increase in revenue: $952,251.

4. Two cent tax stamp on all cheques irrespective of the amount.

Answer by the Department of National Revenue: "Information not available, as tax on sale of stamps for all purposes kept in one account, and the use of postage stamps is permitted for the same purpose."

5. Two per cent increase of income tax on corporations.

Answer by Department of National Revenue: "Information not available."

6. Special excise tax of one per cent imposed on all goods imported into Canada.

Answer by Department of National Revenue: "June 2, 1931, to March 31, 1932: $4,982,216.83. Unable to give up to date fiures as rate changed—April 7, 1932."

7. One per cent tax on the net premiums received by insurance companies in Canada.

Answer by Department of Insurance: $2,273,034.86, including a small amount for a 2 per cent tax paid by certain mutual companies and exchanges, to February 28, 1935, inclusive.

8. Fifteen per cent tax on Canadian property owners who have insured their property with British or foreign companies which are not licensed in Canada.

Answer by Department of Insurance: "None, as this tax was never imposed."

9. Increased duties on a number of agricultural and fruit products including live hogs, fresh meats, bacon and hams, shell eggs, cheese, hops, hay, seeds, canned fruits, vegetables, and oranges.

Detail of revenue given by Department of National Revenue.

10. Increased duties on automobiles priced at more than $1,200.

Fiscal year 1932..	$354,807
Fiscal year 1933..	77,850
Fiscal year 1934..	55,108
April 1, 1934, to Feb. 28, 1935..	49,361

11. Increases on certain manufactured steel products.

Answer by Department of National Revenue: "It is not possible to answer this question in its present form. Amount of duty collected under any particular item can be given, but not returns due to tariff changes."

12. Specific duty of 15 per cent per pound on magazines and periodicals.

Answer given by Department of National Revenue.

13. Increased duty on wood products, including furniture, veneers, golf clubs, tennis racquets, frames and baseball bats.

Answer given by Department of National Revenue.

14. Increases on linen and pure silk fabrics, leather, watches and clocks, tea and other goods.

Answer given by Department of National Revenue. The tax on tea has averaged $1,500,000 per fiscal year.

15. Imposition of excise duties upon the products of a manufacturer who used the customs tariff rates to increase prices to the consumer.

"This question is not clearly understood, but if it refers to section 17 of the customs tariff, its provisions have not been invoked." (Answer by Department of National Revenue).

16. For the forfeiture of goods imported from a country not a signatory to the Treaty of Versailles.

Answer by the Department of National Revenue: "Nil."

Sir, there were sixteen items for which taxation was provided in the 1931 budget speech in order to make both ends meet on account of the decrease in customs revenue resulting from the reduction in external trade following the high tariff legislation. The year 1932 was not any brighter; that was the year of the Ottawa agreements. Here are the tax increases passed during the session of 1932, with the revenue derived therefrom; I read from sessional paper No. 277, reference No. 216, of March 25, 1935.

1. Sales tax increase from 4 per cent to 6 per cent. Answer by Department of National Revenue: "Unable to state increase in sales tax."

2. Increase by 2 per cent of excise tax on all goods imported into Canada. Answer by Department of National Revenue: "Special 3 per cent excise tax collection from April 1, 1932, to February 28, 1935—$41,530,871.47."

[Mr. Pouliot.]

3. Reduction of personal income tax exemption for those with dependents, from $3,000 to $2,400, and those without dependents, from $1,500 to $1,200.

4. Discontinuation of 20 per cent reduction until then allowed from tax payable under established schedule of rates.

5. Five per cent surcharge on the amount of tax payable, imposed on all taxpayers, personal and corporate, with net incomes in excess of $5,000.

6. Increase of corporation rate to 11 per cent. Answer by Department of National Revenue: 3, 4, 5 and 6: "Information not available inasmuch as while the tax changes and exemptions took place it was not possible to record statistically how much extra revenue was obtained by these changes, for the simple reason that the extra revenue in greater or lesser amounts was also affected by general business conditions as to profits and losses, likewise increases and decreases in salaries, professional incomes, etc."

That was the answer of the Department of National Revenue in the official return tabled in this house. Now I quote from sessional paper No. 277G, reference No. 217, April 1, 1935:

7. Tax of one per cent on premiums received by insurance companies. Answer by Department of Insurance: "$2,273,034.86 including a small amount for a 2 per cent tax paid by certain mutual companies and exchanges, to February 28, 1935, inclusive."

8. Tax of 15 per cent on gross premiums. Answer by Department of Insurance: "None, as there was no 15 per cent tax provided for under the Special War Revenue Act, 1932."

9. Tax increase from 2 cents to 3 cents on cheques, money orders, and on promissory notes, bills of exchange, etc., on amounts up to $100 and 6 cents over $100. Answer by Department of National Revenue: "Information not available, as tax on sale of stamps for all purposes kept in one account, and the use of postage stamps is permitted for the same purpose."

Answer by the Post Office Department for money orders: $906,405.33. "Separate figures are not available for the extra revenue derived as a result of the increase from two to three cents."

10. Five per cent tax placed on telegrams, cables and radio messages and long distance telephone calls. Answer by Department of National Revenue: "From May 2, 1932, to February 28, 1935, $2,737,810.83."

11. Ten per cent tax on railway sleeping car berths, with a minimum of 25 cents and 10 cents on chair car tickets. Answer by Department of National Revenue: "From May 2, 1932, to February 28, 1935, $1,129,017.55."

These, sir, are the figures for 1931 and 1932. The most unpopular tax imposed on this country by this government was the tax on sugar.

The CHAIRMAN (Mr. Smith, Cumberland): Order. The item before the committee is a vote of $1,000,000, further amount required for the Natural Products Marketing Act.

Mr. POULIOT: But can you say, sir, that this will not be paid out of the tax imposed on sugar, and all the other taxation that has been imposed by this government? I do not see how you can deny any member the right to give the history of taxation since this government has been in power, on any item in the estimates. If the minister tells me that he will not receive a cent—

The CHAIRMAN (Mr. Smith, Cumberland): Just a moment; in my judgment the subject matter of the hon. gentleman's remarks is not related in any way to this item.

Mr. POULIOT: May I explain?

The CHAIRMAN (Mr. Smith, Cumberland): I have no objection to an explanation.

Mr. POULIOT: Sir, each member here takes his duties seriously and each of us is the guardian of the public exchequer. We must tell the people where the money comes from, and when I say that I only repeat what was said by the Prime Minister when he was leader of the opposition and later from his place in this house as Prime Minister. If the Minister of Agriculture will give his word that he will not receive one cent from the Department of National Revenue to make up that million dollars, I will speak on another item. But the minister cannot give that assurance; he knows the money will come from the Department of National Revenue. That department is rightly named, because it supplies the money for most of the other departments of the government. I have a right to tell this committee where the money comes from when an expenditure is made, the more so, sir, because of the statements made by the Prime Minister to the effect that Canada had reached the limit of her credit and the further statement by the Minister of Finance (Mr. Rhodes) quoted in Le Canada of Montreal, to the effect that two years ago Canada was bankrupt. Therefore, it is my right and privilege to tell the people of this country where the money comes from that is spent so carelessly by this government. As a man of learning and high attainments at the bar of your province, sir, you cannot deny this right to any of your colleagues in this chamber.

I have given the figures for 1931 and 1932. Now let us come to 1933, one year after the Ottawa agreements were concluded; let us see the burden of taxation imposed on the people of this country because of the decrease in trade which resulted from the illogical, inconsequential, unwarranted and uncalled for changes made in the tariff by this government. What was the revenue derived from the sugar tax, which was imposed in spite of many protests that came from all over the country? From March 22, 1933, to June 30, 1934, the receipts were $17,149,159.85, and from July 1, 1934, to February 28, 1935, they were $7,517,851.39. There was a special excise tax of ten per cent imposed on cosmetics and toilet preparations which, from March 22, 1933, to February 28, 1934, brought in $1,561,926.72. The next is a special excise tax of five per cent on automobile tires and tubes, yielding $1,593,871.20 for the same period. Then we come to cigarette papers and tubes in connection with which there is a special excise tax of two cents per one hundred leaves of cigarette papers and five cents per fifty tubes of cigarette tubes, yielding $1,558,526.55. The next is a special excise tax of twenty-five cents per gallon of unfermented wort, yielding $303,346.15. Then there is a note attached to the return indicating that the tax was repealed on malt products and unfermented wort as from July 1, 1934. Then, we have indicated a special excise tax of fifty cents per pound on malt syrup or powder, extract of malt or other malt products for the brewing of beer, yielding $27,161.02. In connection with that item the same observation applies as in connection with the preceding one. These two returns to which I have been referring are sessional papers Nos. 277A and 277B, references 218 and 219 of March 25, 1935.

But that is not all. There were more taxes imposed upon the Canadian people. An order for return of March 20, 1935, contains the following:

> What were, from 1933 to date, the total returns of each of the following changes of the 1933 budget to taxation:—
>
> 1. (a) Increase to 12½ per cent on incomes of corporations; (b) removal of $2,000 exemption; (c) 13½ per cent tax on corporations filing consolidated returns;
>
> 2. Reduction of personal income tax exemption; (a) from $2,400 to $2,000; (b) from $1,200 to $1,000 and (c) in the case of dependent children, from $500 to $400;
>
> 3. The new schedule of rates of taxation on personal incomes, commencing at three per cent on the first $1,000 of taxable income?

Here are the answers given by the department to questions 1, 2 and 3:

> Information not available inasmuch as while the tax changes and exemptions took place it was not possible to record statistically how much extra revenue was obtained by these changes, for the simple reason that the extra revenue in greater or lesser amounts was also affected by general business conditions as to profits and losses, likewise increases and decreases in salaries, professional incomes, etc.

But, sir, that is not all; there is more. I find another sessional paper before me containing this question:

What were from 1933 to date the total returns of each of the following changes of the 1933 budget to taxation:—
1. Five per cent tax on non-residents;
2. Five per cent tax on interest or dividends cashed at a premium.

The answer indicates that under the first item the amount is $9,236,957.70 as at March 19, 1935, and for the second item $1,326,386.66 as of the same date.

Then, turning to the last return I have in my hand I find that still further taxation was imposed. It is sufficient to show the burden of taxation placed on the shoulders of the Canadian people during the sessions of 1931, 1932 and 1933. In this instance the questions were:

What were, from 1933 to date, the total returns of each of the following changes of the 1933 budget:
(1) Removal of three cent stamp tax exemption on cheques of $5 or under.

In connection with that question there is no answer from the Post Office Department, and the Department of National Revenue states that it is unable to determine the amount. Then, the second question refers to the increase of tax on postal notes from one cent to three cents. The same answer is received from the Department of National Revenue, and the Post Office Department gives the following answer:

2. Fiscal year 1933-34.. .. .. ..$143,712 46
Fiscal year 1934-35.. .. .. .. 109,982 00

Note: It may be pointed out that the above figures represent the total amount collected as revenue tax on postal notes. Separate figures are not available for the extra revenue derived as a result of the increase from one to three cents.

Then, question No. 3:

3. Increase to $2.50 per proof gallon of excise duty on distilled spirits used in the manufacture of proprietary medicine, extracts, essences, perfumed spirits and pharmaceutical preparations.

The Department of National Revenue answered: "Unable to determine the amount." Then, question No. 4:

4. Excise duty of $1 per proof gallon on spirits used in the fortifying of native wines.

The answer indicates a return of $38,660.23 on that item. I have indicated the taxation for three years, and although it is not complete it is sufficient to give an idea of what has been going on. Trade has decreased and taxation has been increasing. What is the most noticeable factor? It is this, that the government is unable to say—not to figure out—unable to say or to declare what the revenue from certain taxes has been.

Each year in his budget speech the Minister of Finance states that the revenue from a certain tax will be so and so. He makes a guess, but when we ask for figures in a return, there is no answer. Under the department's accounting system it is impossible for them to say how much money has been derived from certain impositions on the Canadian people. This is wrong. While acting as Minister of Finance in 1931 the Prime Minister told us that he would tell the House of Commons and country how a budget speech should be made. Now we find, however, that the government cannot tell us the returns from half of the taxes they have imposed since 1930. This is all wrong, and a great mistake. Where does it lead? They do not know. It is about the same condition as we find in connection with the unemployed; they do not wish to know, and they close their eyes. They try to get all they can from the pockets of the people.

It is hard to play with millions of dollars. Of course the minister may feel like a million dollars because he is going to spend a million dollars in connection with the marketing act. Oh, it is sad when we think of the suffering of our poor people who have not enough to live on and who, in order to pay the taxation imposed by this government, have to take the bread from the mouths of their children and deprive them of sugar.

An hon. MEMBER: Oh, oh.

Mr. POULIOT: And, sir, an hon. member laughs. Did he not have to pay a contribution of $400 a year towards the expenditures made by this government? If the government were thrifty I would not say anything about it; I should not mind if they tried to economize, and so on. But what silly expenditures they have made from coast to coast—millions of dollars for no one knows what. Over a million dollars for radio broadcasting. The salary of General McNaughton is increased, in defiance of the law of the land. Then, there is the scandal of the stove pipe letter boxes. Let us consider the expenditures in connection with the trip to Egypt, and the trip to Madrid which radio fans will not forget. Let us consider how the pets of this government are treated. When it comes to a consideration of tenders the highest is accepted, provided it comes from a pet of the government. We have an example of that in the Department of Marine where a tender of $30,000 was submitted, as my hon. friend from Charlevoix-Saguenay (Mr. Casgrain) can bear witness, and yet the minister accepted a tender for $49,000 in order to give the contract to one of his pets at an

exorbitant price. That may be considered a trifle, but an accumulation of trifles makes a mountain of trouble.

I am opposed to this vote, Mr. Chairman, because it is just a bluff in view of the election in order to deceive the people of this country again as they were deceived in 1930. But, sir, they have had five years to think over that. When the people were promised that they would be led into the garden of Eden they never thought that the so-called garden of Eden would be hell. Think of that guarantee that was given to Newfoundland and which was mentioned this afternoon. The government took advantage of the relief act, of the peace, order and good government clause to guarantee bonds for Newfoundland to the amount of hundreds of thousands of dollars, and now that Newfoundland has a surplus over expenditure I wonder if this government will collect a cent of that money. The Prime Minister said that it was a guarantee. Yes, a guarantee that never will be paid. The Minister of Public Works (Mr. Stewart) said one day that the sixty million dollars which was borrowed by the railways was not to be paid back. We heard that from a minister of the crown. Think of a guarantee of sixty million dollars to the Canadian Pacific Railway under the signature of the Prime Minister before he had consulted his colleagues or parliament! Think of all those concerns which have been favoured by this government at the expense of others.

One cannot be too careful about taxation. As I have already stated, the Minister of Finance in his budget speech spoke of the possible revenue from taxation, but far from being comforting the returns which have been tabled in this house by the government show that the government are unable to say how much they have got from the Canadian people in taxation. It is unbelievable. What kind of accounting system do they have under the treasury board this so-called efficient treasury board, this brain trust which is supposed to control expenditure and to tell the government what they are to do with regard to estimates? Is the treasury board so efficient after all? No other prime minister would tolerate such a state of affairs in this country. I am sorry that the hon. gentlemen who sit on the treasury benches cannot enjoy my freedom to tell whom it may concern what I have already stated to this committee. But I shall not insist in the matter because what I say goes into deaf ears on the other side of the house. In the country, however, it is different, and from the records that have been tabled in this house the people of this country will know the real story about taxation, not the story told by the Prime Minister when he was leader of the opposition or when he was Minister of Finance, but the true story as told in the official returns tabled by this government in the house.

Mr. FRASER (Northumberland): Mr. Chairman, after listening to the eloquent oration by my colleague from Témiscouata (Mr. Pouliot) I shall bring this discussion down to a more commonplace basis by asking the minister if he will kindly break down this item of $1,000,000, being the further amount required for the administration of the Natural Products Marketing Act, bearing in mind that a few days ago we were asked to vote $500,000 to take care of the expenses of different schemes under that act. I think we are justified, when asked to vote this $1,000,000, in wishing to know exactly how the minister contemplates that this money shall be spent.

Mr. WEIR (Melfort): As hon. members of the committee will know, the most complicated branch of the whole industry of agriculture perhaps is that of the dairy industry. The value of the dairy industry from year to year has been roughly estimated to run from $175,000,000 to $200,000,000. There are three or four features in which the greater part of this industry finds itself in operation. First we have butter. That takes perhaps the leading place. Then we have the fluid milk market of the great cities; then evaporated and condensed milk factories. But next to butter perhaps should rightly be placed cheese. One of our difficulties has been this, especially during recent years. Because of the fact that we have been able to hold the price of butter above the world market price there has been a greater tendency to send the milk or the fat from the milk from the cheese factories to the creameries. If that continues at the same rate as during the past number of years, even as far back as 1920, the result will be such an increase in the production of butter that we shall be on the world market with reference to butter. That is to say, our farmers will have to compete on an equal footing with the farmers of New Zealand and other countries which have very great natural advantages.

In April, 1933, the world price of butter was a little over eleven cents a pound. That was the price in London, which is taken as the world price. That is comparatively the same as the price would be at Montreal if it were not for the tariffs that we have

against butter entering Canada from other countries because the cost of laying down butter from New Zealand and Australia at London is practically the same as laying butter down at Montreal. Had we been on the world price at that time the dairy farmers of this country would have received only about half the amount they did receive for their butter fat.

How can this great dairy industry with all its complications that arise from the flow between one product and another be equalized to give a greater assurance that butter will not find itself, over a long period at least, on the world market with the disastrous effects that would have for our dairy farmers? The purpose is that the greater part of this vote shall be used to equalize the dairy industry by giving assistance to the farmers who are having their milk processed into cheese to prevent them as far as possible from sending more and more of this milk to be made into butter, which would thereby bring us more and more on to a world market basis with reference to our butter. As I have stated, for a number of years there has been a decrease in the production of cheese and an increase in the production of butter. In 1925 we manufactured in Canada 177,139,113 pounds of cheese. The next year there was a drop of almost six million pounds; in 1928 it went up to 144,000,000 pounds; in 1929 it dropped to 118,000,000 pounds; in 1930 it went up to 119,000,000 pounds; in 1931 it dropped to 113,000,000 pounds and in 1934 it went down to 99,754,500 pounds. From 1920 on there was a regular increase in the production of butter. Those interested in the dairy industry anxiously awaited the publication of the figures to see if this increase would continue. The first information we have had completed is for the month of May and it shows that there has been a decrease of a little over 18 per cent in the production of cheese with an almost corresponding increase in the production of butter. The result is that in pounds of butter fat there have been 57,000 odd pounds more go into the manufacture of butter than has come from the manufacture of cheese. Farmers who are vitally interested realize the danger if this is allowed to continue.

As I mentioned at the outset by means of the tariff we are able to keep the price of our butter above the world market. By means of milk boards which have been established in the different provinces we have been able to stabilize to a certain extent the price of fluid milk going into the markets in the large cities and keep it above the price to which it might have dropped had these markets been utilized by all the producers. Those who are interested have been viewing the situation with alarm and have been trying to discover some means of stabilizing the dairy industry. It was thought that while this was being worked out the duty of the government was to take what steps it could to equalize this industry and it was proposed to use the greater part of this sum of $1,000,000 in order to make payments to the farmers who send their milk to the cheese factories in order that they may continue to do so rather than to flood our butter markets.

Mr. FRASER (Northumberland): Mr. Chairman, I have listened very attentively to the minister's explanation of the purpose of this vote of $1,000,000. Before asking the minister one or two questions I should like to point out to him that he is departing on a course fraught with endless danger to the Canadian taxpayer. The minister has said that part of this vote is to be used in an attempt to equalize the price of cheese with the price of butter, but, as he says, he is only making a start. This $1,000,000 will not be sufficient to equalize these prices; it will be like the little boy who has told his first lie and is forced to follow it up with about fifteen others. I suggest that the committee consider this vote very carefully, not only because it is to cost the taxpayers $1,000,000 but because it is the second, the third or the fourth step towards creating in this country an impossible position whereby ten and a half million people are to be taxed in order to help the British consumer of Canadian cheese pay for an article produced in the cheese factories of this country. May I repeat that this is a beginning of a policy of taxation of the consumers and producers in all branches of Canadian industry and consumption in order to bonus or to equalize the price of an export article which is consumed by the people of another country. We are going to pay part of the price which the Englishman pays for Canadian cheese.

Mr. MYERS: No.

Mr. FRASER (Northumberland): Who said, "no"?

Mr. MYERS: I did.

Mr. FRASER (Northumberland): You do not know what you are talking about.

Mr. MYERS: Certainly I do.

Mr. FRASER (Northumberland): Wait until we get on fish or something you know something about. I suggest to the minister that he analyze carefully the working out of

similar policies in Australia and England. During the last four years it has cost the British taxpayer £35,000,000 to bonus the production of beets for sugar. When the minister refers to the disalignment of the price of butter with the price of cheese he is referring to an article which is protected in this country. I am not debating whether that protection is sound or is not sound; I am simply stating that this policy has accelerated the production of butter in this country through holding the price over the world market price. As I said, I am not suggesting that that is right or that it is wrong, but it naturally follows that when you make it possible for a class, whether it be butter producers or any other, to obtain prices over world market prices on an export article, you immediately accelerate the production of that article. That is what we have done in connection with butter. There is no method, whether it be tariff, export bounty, equalization fund or any other method of dipping into the pockets of the taxpayers by which this or any other country can prevent the working of the law of supply and demand. We who produce milk will sell that milk on the highest market, and if that market happens to be for the production of butter, that is where the milk will be sold. This is what has happened since time immemorial and it is what will happen to the end of time. The production increases beyond the consumptive power of the people whether they be behind a protective tariff or otherwise, and the result is that markets are glutted. That is what has happened in connection with butter. The minister now proposes an equalization fund of $1,000,000 to help the cheese producers of Canada whose production varies from 150,000,000 pounds to 177,000,000 pounds annually. Three-quarters of it must find a market in foreign countries. Does the minister believe that it is possible and economically sound to create a fund taken from the taxpayers' money to put an export bounty on cheese? We are voting $1,000,000 now which is only another lie in the string of lies to do something once again through the Department of Agriculture on some advice beyond my comprehension. We are taking one more uneconomic step that will not only be extremely costly to the taxpayers of Canada, but will only end in disaster to the dairy industry of this country.

Mr. WEIR (Melfort): I understood the hon. member to say that what we contemplate doing will increase the price of cheese to the British consumer.

Mr. FRASER (Northumberland): No. My statement was that the Canadian taxpayer, through the export bounty, would be paying part of the price which the British consumer of Canadian cheese would pay for Canadian cheese. In other words, as I have said repeatedly with all the vigour of language at my command, we are departing from an economically sound policy, and this is about the fourth dangerous step. Indeed, it is the most drastic step taken up to the present time, and if this policy continues—and I expect to see more of the same sort of thing if I come back here and this government happens to be in power—it will simply mean disaster to our lumbermen, our fishermen, our fruit growers and every other branch of Canadian industry. The benefit will not be derived by Canadian industry or the Canadian consumer, because what we are doing here is assisting the British consumer, through Canadian taxation, to pay for the Canadian cheese he eats. Let me say to the minister that this is all wrong; it will not work and it has never worked. It is economically unsound.

May I deviate here to advise the Minister of Agriculture to take a rainy Sunday afternoon off and read the history of the scheme whereby the British people were going to pay off the war debt to the United States through the control of raw rubber. Through the control of rubber production they were going to pay off the war debt to the United States, and rubber dropped from 18 cents to 1½ cents a pound. Once again I plead with the minister, whoever his advisers may be, to consider this question from the practical standpoint, to read the history of similar attempts in other countries, and to realize that it can only end in an additional burden of taxation on the Canadian people, with only an infinitesimal benefit, if any benefit at all, to the dairy industry of this country. I would ask the minister to take his mind back to the election campaign of 1930—and I assure the committee I do not want to interject politics here—and to a period before that, regardless of the government that was in power, when we were importing a large tonnage of New Zealand butter. I am not going to go into the ramifications of reciprocal trade or the results that followed from our financial and economic capability of absorbing that butter, but the reason that butter came into Canada was the fact that Canada, through the ability of the Canadian people to consume enormous amounts of foreign butter during a period of prosperity, was able to import butter from New Zealand . That is why Canadians could consume New Zealand butter at a higher price than butter sold on the British market.

Mr. WEIR (Melfort): The statement which the hon. member has made, that we were able, because of our prosperity as a people, to consume large quantities of butter from outside Canada, is not really correct. The reason we did eat butter from outside Canada was that our production at that time was not nearly as high as it is at the present time. There is one other point. We are in no way, in this scheme, paying for any cheese consumed by the British consumer. The question is simply one with regard to the price of our dairy products, butter and cheese, butter particularly; and this plan we have in contemplation means as much to the butter manufacturer as it does to the cheese manufacturer, if not more.

Mr. FRASER (Northumberland): It goes a little further than that. We consumed imported butter because the production of our dairy products was being consumed in this country, in other ways, at higher prices.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. GUTHRIE: By unanimous consent of the house I beg to move that when the house adjourns to-night it do stand adjourned until eleven o'clock to-morrow morning and that it continue to meet, until the end of the session, at eleven a.m. each day, but that there be no sitting to-morrow night, it being Wednesday night.

Mr. MACKENZIE KING: Hon. members on this side are wholly agreeable to morning sittings, with the understanding that we shall not have a lot of new legislation introduced as a consequence of our endeavour to bring the session to a close. I assume that the house will adjourn from one to three o'clock to-morrow, and that to-morrow being Wednesday the house will not sit in the evening.

Mr. GUTHRIE: There are objections to sitting to-morrow night on account of some engagements made by my hon. friends in the southeast corner of the house. We will sit every day from eleven to one, from three to six and from eight to eleven.

Mr. MACKENZIE KING: I hope we shall not see new measures on the order paper or some measures transferred from the end of the order paper to the front page.

Mr. GUTHRIE: The order paper is pretty complete now.

Mr. MACKENZIE KING: What shall we start with to-morrow?

[Mr. W. A. Fraser.]

Mr. GUTHRIE: The fisheries bill or supply.

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

Wednesday, July 3, 1935

The house met at eleven o'clock.

PRIME MINISTER'S BIRTHDAY

FELICITATIONS EXTENDED ON BEHALF OF MEMBERS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, a year ago to-day, at the first of our morning sittings, I had the pleasure of extending to the right hon. the Prime Minister (Mr. Bennett) my best wishes and those of all hon. members of the house on the celebration of another birthday anniversary. This morning I should like to renew those good wishes and, if I may be permitted to do so, to renew them not only on my own behalf but on behalf of all hon. members of the House of Commons.

During the last year my right hon. friend has had I think, his full share of trials and joys. Perhaps the greatest of the former has been the serious impairment of his health in that period of time. I wish him nothing more sincerely and nothing better to-day than that in the year on which he has just entered his health may be fully restored and that he may have before him many years of service to his country and great public causes.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have so many matters to think of in these days that I have very little opportunity to think of the coming and going of birthdays. I realize that I am passing another milestone to-day and I am very grateful to the right hon. gentleman for the terms in which he has referred to my having reached another birthday. I think I can say with some frankness what most of the members of this house must realize, that the last five birthdays have not brought me any very great joy and that if the high expectations of those who sit opposite are realized my next birthday will be much happier. On the other hand, however, it well might be that the birthdays of some others may not be as joyful if that event should happen.

The greatest joy that I have had, coloured as recent days have been by sadness and sorrow, has arisen from the thought that in my older age I have been able to render what some may not regard as useful service but at least some service to a country that has done so very much for me. I am conscious also—

yesterday perhaps more than I ever have been—of my impairment of health and strength, not in the general physical sense but because of the condition of my heart, which does not permit me to participate to the extent I should like in what may be called the rough and tumble of parliamentary life.

I am grateful to my colleagues and those who sit on this side of the house for this beautiful basket of flowers, which contains all too many roses, and to the right hon. gentleman and those who sit around him for the kind terms in which he has referred to my having reached another milestone in life's journey. Whether or not we are privileged to meet together on another occasion to celebrate an event so auspicious remains for time to disclose.

B. C. RELIEF CAMP STRIKERS

TABLING OF TELEGRAMS EXCHANGED BETWEEN GOVERNMENTS AT OTTAWA AND REGINA

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, in accordance with the promise made yesterday I now table the telegrams sent to and answers received from the premier of Saskatchewan with regard to the Regina situation, as well as those received from the attorney general of that province, including those addressed by him to the Minister of Justice (Mr. Guthrie). It may be, the minister tells me, that one telegram is not included in this return; he is checking it up, and if it is not here it will be produced.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BANK INTEREST

Mr. SPENCER:

1. What rates of interest are now being given by the commercial banks to (a) deposits of individuals; (b) deposits of corporations?

2. What rate of interest is the government allowing the banks on the amount left in the note circulation redemption fund?

3. In view of the fact that the banks have reduced the amount of interest allowed to their customers, is it the intention of the government to reduce interest allowed to the banks on the above funds?

Mr. RHODES:

1. Announcement of changes in interest rates on deposits, effective June 1st, was made by the chartered banks in a statement which appeared in the press a short time ago. The personal savings rate continues at 2 per cent. Variations are made in the rates allowed on current accounts and on savings accounts of firms, institutions, corporations and organizations.

2 and 3. Three per cent, fixed by the Bank Act.

CANADIAN FARM LOAN BOARD DECISIONS

Mr. DUBOIS:

1. How many decisions have been reached to date by the Canadian Farm Loan Board with respect to the 248 loan applications received at the provincial bureau of the board at Quebec, from April 17, 1935, to May 27, 1935?

2. How many of those 248 applications have been granted and how many denied to date?

Mr. RHODES:

1 and 2. The Canadian Farm Loan Board advise that at date of last report from the Quebec office, June 25, seven of these applications had been rejected and the remainder are either awaiting receipt of additional information from applicants or are in process of appraisal.

LONDON, ONT. PUBLIC BUILDING

Mr. SANDERSON:

1. How many tenders were received for the construction of the new federal building at London, Ontario; was the lowest tender accepted, if not, how many tenders were lower than the one accepted?

2. Was any additional amount of money awarded to the contractor as a result of finding quick-sand or spring pockets in the soil where the foundation was to go; if so, how much additional money did the contractor receive?

3. Do the specifications allow for any extras, or was the contractor to be responsible and abide by his tender?

Mr. STEWART (Leeds):

1. (a) Eight
   (b) and (c) Contract awarded to the third lowest tenderer at the price of the lowest tender.
2. (a) Yes.
   (b) $32,183.20 authorized.
3. Contract provides for the payment of unforeseen additional work at unit prices.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN FARM LOAN BOARD—QUEBEC STAFF

Mr. DUBOIS:

1. What is the date of reemployment of each member of the staff of the provincial bureau of the Canadian Farm Loan Board at Quebec, mentioned in answer No. 1 of sessional paper 377?

2. In addition to the above-mentioned persons, were other persons employed since April 19, 1935, at the provincial bureau of the Canadian Farm Loan Board at Quebec?

3. What are the names, occupations and salaries of such new members of the staff of the provincial bureau of the Canadian Farm Loan Board at Quebec?

4. From April 19, to May 20, 1935, what persons worked at the provincial bureau of the Canadian Farm Loan Board at Quebec, and how many days did each such person work and what duties did each such person perform?

5. When were letters, received at the provincial bureau of the Canadian Farm Loan Board, from April 19, to May 20, 1935, answered?

6. When were loan applications, received at the provincial bureau of the Canadian Farm Loan Board at Quebec, from April 19, to May 20, 1935, considered?

Mr. RHODES: Return tabled herewith.

CANADIAN FARM LOAN BOARD—P. A. ANGERS

Mr. DUBOIS:

1. Has Mr. P. A. Angers, notary public, superintendent of the provincial bureau of the Canadian Farm Loan Board, been dismissed?

2. If so, what was the date of his dismissal?

3. How long was Mr. Angers superintendent of the provincial bureau of the Canadian Farm Loan Board, at Quebec?

4. What salary did he receive as superintendent of such bureau?

5. For what reasons was he dismissed?

6. Who replaced him?

7. What is the date of appointment of his successor?

8. On what date did Mr. Angers' successor assume office as superintendent of the provincial bureau of the Canadian Farm Loan Board, at Quebec?

9. What salary does he receive?

10. Who was in charge of the provincial bureau of the Canadian Farm Loan Board, at Quebec, during the interval between Mr. Angers' dismissal and the assumption of office by his successor?

Mr. RHODES: Return tabled herewith.

DUTIES ON JAPANESE GOODS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, a few days ago I asked a question of the Prime Minister with respect to trade between Japan and Canada. He promised to make a statement to the house, and I am wondering if it could be done to-day.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the new Japanese Minister has taken office and we are exchanging views with respect to certain phases of the situation. I am afraid I cannot make any fuller statement at the moment than that I made the other day. If I am in a position to add anything to what I have said, I shall do so gladly before the house rises.

[Mr. Dubois.]

LOAN TO NEWFOUNDLAND

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, may I ask the Minister of Finance (Mr. Rhodes) if he will answer to-morrow my question of yesterday respecting the guarantee to Newfoundland.

Hon. E. N. RHODES (Minister of Finance): Yes; I regret I had not an opportunity to peruse Hansard this morning but I shall be happy to submit an answer to-morrow.

ALCOHOL TAX

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, may I ask the Minister of National Revenue (Mr. Matthews) if question No. 20 will be answered to-morrow?

Hon. R. C. MATTHEWS (Minister of National Revenue): I shall try to have it done.

MORTGAGE CREDITS FOR FISHERMEN

The house resumed from Thursday, June 27, consideration in committee of Bill No. 120, for the purpose of establishing in Canada a system of long-term mortgage credit for fishermen—Mr. Stirling—Mr. Smith (Cumberland) in the chair.

On section 6—Conditions for loans.

Mr. POULIOT: Mr. Chairman, where will we get the money for this purpose? During the campaign of 1930 the right hon. Prime Minister said there would be reforms in taxation. When the last government was in power more taxation was possible. In 1933, according to press reports, the Prime Minister stated that Canada was near the limit of her credit, and in the following year, 1934 after imposing heavy taxation he said that Canada had reached the limit of her credit. Therefore I say that is ample proof that the government has exhausted Canada's credit. That is all I have to say. I do not see how they can get more money.

Mr. MacDONALD (Cape Breton): I find myself more or less in sympathy with the objects behind the bill, and particularly is that true of hon. members representing shore fishermen. Hon. members from constituencies adjoining fishing grounds must be well aware of the desperate condition under which fishermen are living. But those of us who know the particular requirements of fishermen cannot, I fear, get very much hope from any of the provisions in the bill. Our fishermen do

not require any large amount of money. All that the boat fisherman needs is a small amount, possibly $50, $75 or $100 at the beginning of the fishing season so that he may fit out his boat, gear and other equipment. They require, further, a ready market for their product.

In a cumbersome way this bill seeks to deal with a very simple question. Of course there is no doubt that under the provisions of the bill a large amount of money could be raised, but it is when we come to the distribution of the money among the fishermen that I see great difficulty so far as possible benefits are concerned. Evidently the bill is drafted along the lines of the farm loan legislation. Those of us who have studied the matter do not believe that the farm loan board is adapted to provide money for fishermen and the machinery set up by that board cannot be used to their advantage.

I repeat that this bill provides only a very cumbersome method of financing, and the fishermen I represent are not in a position to avail themselves of its provisions. Any fisherman who has security sufficient to enable him to comply with the provisions of the act would not have to avail himself of those provisions. He could secure any financial assistance he required either through the banks or through private agencies. Then, there is no provision in the bill for marketing. My view is that if by more simple means we can attain the objects sought by the fishermen there is no necessity for the cumbersome method provided in this measure. The ordinary fisherman wants fifty or seventy-five or a hundred dollars in the spring, and that is all he wants. That enables him to secure his boat, fix up his nets and get his plant. There should also be some provision for insurance against the loss of his little plant, which everybody knows is quite apt to happen because of the hazardous nature of the fisherman's calling. We used to have a very simple method of assisting farmers in the purchase of their seed in the spring. An amount of money was provided and placed in the hands of a responsible party who advanced seventy-five or one hundred dollars to the farmer, taking his notes, and repayment being made when the harvest came in the fall. There is no reason why such a procedure could not be adopted in dealing with the fishermen, and particularly the boat fishermen of whom I speak. I do not wish to delay the house. All I want to do is to go on record as expressing with some reluctance my own view which is that this bill will not be of any assistance to the fishermen I have the honour to represent in this house.

Mr. RALSTON: I rise to say just a word or two in regard to this bill. I do not think I can add very much to what the hon. gentleman who has just sat down (Mr. MacDonald, Cape Breton) has said. I have been disappointed in the provisions of the bill in so far as they appear to be cumbersome. The particular feature which has given me concern is that this bill makes as a sine qua non, a condition precedent to the fisherman getting the benefit of the loan, the possession of real estate. Now among the fishermen with whom I am acquainted, generally speaking if a man has a house and lot free of any encumbrances so that he can give a first mortgage on it, he probably will not find very much difficulty in getting whatever credit is necessary in order to purchase a boat or to purchase gear. It seems to me that the bill misses entirely the essential, that the security should be in connection with the property which is being purchased, in connection with the facilities that are being required.

I thoroughly agree with the desirability for something of this kind. I have brought to the attention of the house and the attention of the minister on more than one occasion the necessities of the fishermen, particularly those who have lost their gear on account of unusual storms. These men find themselves with earning capacity, with willingness to work, with ability to work, but without capital and in some instances they are young men who have no property of any kind, while in other cases they may be married men whose property is mortgaged in so far as it can be mortgaged for previous obligations. That is why we have to damn this bill with faint praise. That is why I think the hon. member for Cape Breton South has found it necessary to take the stand he did. I am going to support this bill. I will do anything I can to help make it a success, but I feel that it puts a fundamental barrier in the way of a fisherman getting the assistance that he needs when it required that in order to get the benefit of the law he must have real estate, and real estate free so that he can give a first mortgage upon it.

I agree with my hon. friend that the amount the fisherman requires is not large. My hon. friend mentioned seventy-five or one hundred dollars, but I have known fishermen to want three or four hundred dollars. The boat builder will give a man some credit if he has property, but if the government will not trust him unless he has property the boat builder can hardly be expected to do so. It is the same with regard to gear lost on account of storms. We have had terrible storms on the south coast of Nova Scotia in the last year

with a tremendous loss of gear, leaving fishermen simply strapped, and there is no possibility of insurance such as a man would have in connection with a house or store or factory if destroyed by fire. These men are left absolutely to shift for themselves, and the only way they can get a living is by going shares in somebody else's boat. Naturally they can make very much more themselves by fishing independently, and naturally it means the production of fish is cut off to that extent.

I do feel that the bill lacks the assistance which should be provided for a most deserving class. I cannot forbear saying that in view of what is being done along some other lines I feel that a bill more generous in its terms, more easily applicable, more simple in its administration, and one which would impose less requirements on the fishermen, could have been devised than the one before us.

Mr. STIRLING: Mr. Chairman, as I indicated on a previous occasion the difficulties connected with granting loans to the participants in any industry are great. The government has given a great deal of consideration to this endeavour. Is it desirable or not that loans of small amounts should be granted to fishermen? It is decided that it is desirable to do so within certain limits. The question immediately arises, what shall the security be? The government has decided that it will go so far as to offer fishermen provisions similar to those which have been granted for some years to the farmer, but that is as far as the government thinks it wise to go.

It has been suggested that the machinery which would have to be made use of is cumbersome. Well, the machinery has been set up. It has been in use for the farmers for a considerable number of years. It has been somewhat simplified by the amending bill of this year, and it is thought that with that machinery, with a chief executive officer in each province now who will represent the views of the Canadian farm loan board sitting at Ottawa, with the assistance of a loan advisory committee in the locality whose chairman shall be that chief executive officer, and associated with them shall be those from the locality and consequently knowledgeable in this matter, it should not be cumbersome in its operation. But this is as far as the government proposes to go.

Mr. RALSTON: I just want to say that I think the minister has missed the point entirely when he says that we are doing the same thing for the fisherman as we have done for the farmer. The farmer by the very nature of his calling has a piece of land which he can mortgage, but the fisherman may not have a piece of land at all, no more than he may have a diamond ring or a bond. What I am pointing out is that this bill requires a fisherman to have something which he does not need to have to carry on his calling, whereas you require the farmer to have the very thing which it is necessary for him to have to be a farmer at all. The minister may be right that it is necessary to provide some test, but the test should not be that a fisherman should have a house and lot before he can borrow money in order to buy a boat. I think the thing to be done if this scheme is to be undertaken at all is to provide for security being taken on the gear or on the boat which is being bought, with a certain provision for depreciation and the country running a certain amount of risk. I do not think this bill will assist very much although I want to see it get off to the very best possible start.

May I point out that I think there is entirely too much machinery in this act, with the number of inspectors and other people who have to inspect these properties and go over the credit situation when the most that can be loaned is one thousand dollars. It seems to me that we have cluttered it up a good deal by trying to adapt it to the farm loan act.

Section agreed to.

On section 7—Privilege of His Majesty as to loans.

Mr. STIRLING: There is a slight typographical error to be corrected in subsection (3). On line 10 the word "to" should be inserted after the word "given." The clause will then read "or given to the board." I shall ask my colleague to move this amendment.

Mr. SUTHERLAND: I move accordingly.

Amendment agreed to.

Mr. STIRLING: Subsection (4) will have to be corrected by deleting the word "of" in line 17 and the word "thereafter" in lines 23 and 24. This change is consequent on the necessity for removing the words after the dates mentioned in the amending acts and these two words should have been deleted at that time.

Amendment agreed to.

Section as amended agreed to.

Sections 8 and 9 agreed to.

On section 10—Local loan advisory board.

Mr. CASGRAIN: I believe the minister had some remarks to make on this section.

Mr. STIRLING: The remarks which I had in mind have since been made. I wanted to explain that under the amended Canadian Farm Loan Board Act the chief executive officer in the province under consideration will be the chairman of this advisory board of three. The local loan advisory board will be capable of giving advice with regard to land values and individuals making applications for loans and I see no reason why there should be complications in the handling of the matter. The central board in Ottawa will have its contact through the chief executive officer in the province in question who will be supported by advice from two assistants who in a fishery province would be in all probability men versed in fishery affairs.

Mr. CASGRAIN: The section reads:

The associate members of such local board shall hold office at the pleasure of the board, and shall be paid such fees as the board may by regulation prescribe.

This section does not say that the salaries or fees will be fixed by order in council and I am afraid the machinery will be cumbersome and there will be many officials nominated or appointed with no control over the salaries or fees paid. I am afraid there will be a lot of patronage extended.

Mr. STIRLING: I would point out that this section is copied from the bill which amended the Canadian Farm Loan Board Act, and that amendment was accepted.

Mr. CASGRAIN: That section may be necessary in the farm loan act but I do not think it is in connection with fisheries. It may be necessary when you are dealing with the examination of titles of vast properties but when you make a loan to a fisherman you are making a loan to a man who has hardly anything.

Section agreed to.

Sections 11 to 17 inclusive agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

Natural Products Marketing Act—further amount required, $1,000,000.

Mr. LAPOINTE: Has the minister given all the information asked for by the hon. member for Northumberland (Mr. Fraser)?

Mr. WEIR (Melfort): Yes.

Mr. BERTRAND: I understand that this vote is to assist the cheese industry and to prevent too great a proportion of the milk produced in the country being manufactured into butter and thus putting us on an export basis. Am I correct in stating that the minister has decided to bonus the production of cheese?

Mr. WEIR (Melfort): In great part, yes.

Mr. BERTRAND: How will this bonus be paid and how much per pound will be paid?

Mr. WEIR (Melfort): It will be paid through the cheese factories directly to the farmers who take their milk to the factories. The first payment will be for July and will be on a basis of one and a quarter cents per pound. That is what is contemplated at the present time; it will be at least that. We shall be influenced to a certain extent, as to whether it will be a cent and a quarter or a cent and a half, by the latest reports for June with reference to the continued decrease in the production of cheese and increase in the production of butter, but it will be at least one cent and a quarter.

Mr. BERTRAND: Through what medium will the producer be paid, and what proof will he be required to give that the cheese has been manufactured from his milk?

Mr. WEIR (Melfort): The cheese factory will have that record and they will have to give an affidavit to that effect. At the same time the cheese inspectors of the Department of Agriculture inspect well over ninety per cent of all cheese manufactured, and that also will be a check on the accuracy of the statement submitted by the cheese factory itself.

Mr. BERTRAND: I understand that the bonus in connection with the production of milk will start from the first of July, 1935.

Mr. WEIR (Melfort): That is the intention.

Mr. BERTRAND: What is the estimated production of cheese for the present month, July, in connection with which the bonus will be paid?

Mr. WEIR (Melfort): The decrease in the production of cheese up to June 15 has been eighteen per cent as compared with a year ago. If that should continue, my information is that the quantity manufactured in the

remainder of the year would be less than 60,000,000 pounds, so that it is estimated at between 60,000,000 and 75,000,000 pounds.

Mr. BERTRAND: On the entire production of cheese for the rest of the year from the first of July up to the first of January—because cheese is produced somewhere in Canada up to that date—the government contemplates giving a direct bonus of from 1¼ cents to 1½ cents to the cheese producer in Canada on the strength of vouchers produced by the several cheese factories, which bonus will be returned to the various producers through this medium.

Mr. BEAUBIEN: Will this bonus apply to all the producers of cheese in Canada or only to those who come in under the marketing act?

Mr. WEIR (Melfort): It will apply to all producers in all the provinces—that is, to cheese in cheese factories.

Mr. BERTRAND: Perhaps the minister did not hear my question. It is contemplated that from 1¼ cents to 1½ cents will be paid on every pound of cheese manufactured from the first of July to the end of the year. Is that right?

Mr. WEIR (Melfort): It is contemplated that farmers sending milk to cheese factories will receive for the month of July and for each month thereafter in this year a bonus of at least 1¼ cents a pound on the cheese manufactured from their milk. It may be found necessary to increase it from 1¼ cents in order to divert a greater flow during the months when the volume will be greatest, but it is hoped not.

Mr. FRASER (Northumberland): Is it anticipated that funds for the purpose of this bonus will be derived from other sources than this vote of $1,000,000? In other words, is it the intention to tax fluid milk in different milk sheds in order that the cheese producer may be bonused, or will a government bonus be adhered to entirely?

Mr. WEIR (Melfort): There is no thought of any levy being made on other farmers supplying whole milk to their markets in the cities or on any other farmer in the dairy industry.

Mr. FRASER (Northumberland): Is it not true that a year ago it was necessary for the manufacturers of butter, through an arrangement, a mutual arrangement I believe, to dump some millions of pounds of surplus butter on the export market at less than the internal price?

[Mr. R. Weir.]

Mr. WEIR (Melfort): Part of it was exported at a loss and part at a profit.

Mr. FRASER (Northumberland): Suppose we once again find ourselves in that position in connection with butter which has to be dumped on the export market and sold there at less than the internal price. I understand that this cheese bonus applies to all cheese, whether consumed internally or exported. What would be the policy of the government to meet a situation which undoubtedly will arise in connection with surplus butter for export? Is it intended to apply the bonus to the butter producer or only to the producer of cheese?

Mr. WEIR (Melfort): The purpose is to prevent that contingency arising. If it does arise it will have to be considered on its merits.

Mr. FRASER (Northumberland): There are other branches of agriculture and horticulture as well that are suffering. The fruit growers in my riding, indeed in the province of Ontario, not only lost an annual crop but in the winter of 1933-34 they lost their entire orchards after twenty-five years of planting and careful attention. These fruit growers have been absolutely wiped out; they lost their orchards. They are not in a position to produce any apples and it will take a lifetime or the better part of a lifetime to reproduce these orchards. I am strongly of the opinion that if we are to come to the assistance of the manufacturers of cheese, and if we are to do so with public funds, the fruit growers of Ontario have a justifiable case to present to the Department of Agriculture, and to submit a plan whereby the government should pay them so much a tree for every tree lost or frozen out, in view of the fact that their livelihood has been wiped out. Is there any reason why these fruit growers should not, under the precedent, ask for a bonus year by year until they can reproduce their orchards?

Mr. WEIR (Melfort): That is not a matter of marketing.

Mr. EULER: On general principles I am opposed to bonusing. I rise now just to ask the minister why cheese in particular is singled out for payment of bonus out of the general taxes of this country. I do not see where we are going to stop. If it is proper to bonus the cheese producers, why is it not just as proper to bonus the producers of any other product of this country whether it is a natural product or not. Man does not live by bread alone. It is just as necessary for the producers to make a living out of producing

manufactured articles, for example, or any of the other products of the farm, such as beans, carrots, apples or anything else. Why is cheese singled out for the granting of a bonus? Can cheese not now be produced at a profit to the producers? I would like to have some reason given for handing out public money in this way.

Mr. WEIR (Melfort): In the first place manufacturers are being and have been bonused for a number of years—

Mr. EULER: The hon. member is speaking of the tariff.

Mr. WEIR (Melfort): —under the government of hon. gentlemen opposite just as under our own.

Mr. CASGRAIN: Much more so by the present government.

Mr. WEIR (Melfort): Cheese was selected, as I stated last night, for this reason. The value of our dairy industry is estimated at from $175,000,000 to $200,000,000 per annum; it is one of the greatest of the agricultural industries. The difficulty with the dairy industry I can perhaps demonstrate better by putting on record certain figures that will give a picture of it from 1920 to the present time, so that members of the committee will see what the trend has been. This statement shows the production of creamery butter in Canada by years:

Year:	Pounds
1920	111,691,718
1925	169,494,967
1926	177,209,287
1927	176,978,947
1928	168,027,039
1929	170,810,230
1930	185,751,061
1931	225,955,246
1932	214,002,127
1933	219,232,546
1934	233,047,500

There has been an almost proportional decrease in the production of cheese in Canada, and I will give this for the comparative years:

Factory Cheese Produced in Canada

Year:	Pounds
1920	149,201,856
1925	177,139,113
1926	171,731,631
1927	138,056,908
1928	144,584,619
1929	118,746,286
1930	119,105,203
1931	113,956,639
1932	120,524,243
1933	111,146,493
1934	99,754,500

It will be seen that one of the largest jumps in creamery butter production took place in 1931. The effect of the United States government raising their tariff against our milk, cream and other dairy products in the 1929-30 session of congress was such as to shut out from that country the equivalent of 52,000,000 pounds of cheese. Those products were turned back into this country and had to be marketed here because the market it had prior to 1929 and 1930 had been shut to it. The result is that the greater part of these products has gone into the production of butter.

Last night the question of consumption was raised. The following shows the changes in the consumption of butter, not only per capita but also for the whole dominion:

Year:	Per capita pounds	Total pounds
1925	27.36	256,248,609
1926	28.44	267,014,555
1927	28.72	273,431,070
1928	28.54	280,657,076
1929	29.26	293,434,036
1930	30.59	312,224,488
1931	30.76	319,191,885
1932	30.49	320,367,519
1933	30.18	322,319,672
1934	30.92	335,029,401

The year 1934 shows the highest per capita consumption we have on record.

On top of the difficulty that has arisen because of the market of the United States being closed to our dairy products, there has also been a tendency throughout the world, especially for countries marketing their products in the United Kingdom to produce more butter than cheese. For example, imports of butter into the United Kingdom during the calendar year 1934 were 9·9 per cent greater than during 1933 and 83·3 per cent greater than during 1924. That is, from 1924 to 1934 imports of butter into the United Kingdom had almost doubled. At the same time imports of cheese into the United Kingdom during the calendar year 1934 were only 3·4 per cent greater than during the calendar year 1924. It is evident that the effect of the ever-increasing imports of butter into the United Kingdom is best illustrated by the effect this had on the world price of butter. The average price of Australian butter in London during 1933 was only 1·35 times the average value of Canadian cheese, but with a 9·9 per cent greater import of butter into the United Kingdom in 1934 than in 1933, the average price of Australian butter had further fallen and was only 1·28 times the price of Canadian cheese. Anyone familiar with the cheese and butter industries will realize this spread between prices for cheese and butter is out of line. On account of the disparity in the prices of

butter and cheese at London, it is desirable as far as possible for this country to export surplus dairy products in the form of cheese rather than in butter. In so doing it will not only avoid breaking the entire domestic price structure by exporting a small surplus of butter, but will avoid a break in the price of cheese.

Milk fat in cheese delivered to Montreal for export is worth about twenty-seven cents per pound as compared with twenty-one and a third cents per pound for fat in butter delivered to Montreal for export, on the basis of the present export values. That simply means that we get a greater value for every pound of butter fat in cheese we export to the United Kingdom at present United Kingdom prices than we would for fat exported in butter. As was stated yesterday, and agreed to by the hon. member for Northumberland, through tariffs we have been able to increase the price of butter to the dairy farmers of Canada. During the last year alone, taking the months of July, August, September and October, when there was the greatest production, it is conservatively estimated that the increased value to the dairy farmer due to this protection, in connection with creamery and dairy butter, amounted to $8,146,000.

An hon. MEMBER: How do you arrive at that?

Mr. WEIR (Melfort): The price per pound received in Canada as compared with the world price for butter.

An hon. MEMBER: Tell the farmers that.

Mr. WEIR (Melfort): I think hon. gentlemen will find that the farmers are quite aware of the benefit they have obtained. The problem before us is this: If we allow any considerably greater quantity of butter to be produced in Canada, due to the transfer of milk from cheese to butter, the result will be that the dairy industry in Canada will be on the export market for butter for a considerable period, and the price received will be much lower than it is at the present time. Take, for example, the London price per pound over a period of years as compared with the price at Montreal:

	London cents	Montreal cents
December 19, 1931..	17.78	22
December 10, 1932..	13.67	21.25
April 8, 1933..	11.41	26.50

If at those dates our farmers had been selling their butter on the export basis, western farmers would not have received half what they did receive for their creamery butter. No one will dispute this fact, that if there is any considerable increase in the production of butter we will be forced to take a lower price for our butter because we will be on the basis of the world market. This is what will happen: People will leave the cheese factories and go into the making of butter. Then they will realize that the price of butter has become comparatively lower than the price of cheese. They may then return to the manufacture of cheese, but they will find that the factories have closed and the equipment has become useless, and in addition they will find that the market they have built up in the United Kingdom has been lost.

There is another point in this connection; it is that it would fit better into the plans of the government of the United Kingdom if we did not increase their difficulties by shipping a greater quantity of butter, because that is really what is flooding their market more than anything else. They would prefer that we hold the market we have in the United Kingdom for cheese. One of the principal reasons, however, is that to export cheese rather than butter will give the farmers a considerably better return per pound of butter fat. For a number of years those interested in the dairy industry, including the manufacturers of butter and cheese, have been very much worried by the world tendency to materially increase the production of butter. So much has that been so that some four years ago we had a number of meetings with manufacturers of butter in different parts of Canada who were aiming at something along these lines, but at that time it was impossible for them to get a sign-up of one hundred per cent of the whole dairy industry in order to put into effect some system of equalization that would prevent the ruin that would inevitably follow if our farmers had to compete in the open market with other farmers having much greater natural advantages.

I repeat what I said at the outset of my remarks; the value of the dairy industry to the country is estimated at from $175,000,000 to $200,000,000. We feel that the value of this industry is so much greater than that of many other branches of agriculture that, while those concerned in it are trying to work out a solution of their own under the Natural Products Marketing Act, this assistance should be given in order to prevent an upset in that industry.

Mr. EULER: To me this seems like paternalism gone mad. In the first place I take it that this bonus is being given in order to

compensate for the loss of the export market for cheese; at least that is one of the reasons. In reply to my statement the minister said that manufacturers had been bonused for many years.

An hon. MEMBER: Hear, hear.

Mr. EULER: Someone says "hear, hear," but I should like to point out that after all protection to the manufacturer—and I hold no brief for the manufacturer, though I have been regarded as a high protectionist which is absolutely untrue since I have never supported high protection in my life, even for textiles as my hon. friend and colleague from South Waterloo (Mr. Edwards) would say—is not in the form of a bonus because the manufacturer has lost the foreign market. According to the statement of the Prime Minister, by which he does not always abide, I contend, this protection is intended to give the manufacturer at least a fair opportunity in his own market. With that I have no fault to find if the principle is lived up to. Apparently, however, this is a bonus which is to be given in order to compensate for the loss of the foreign market.

When I say this is paternalism gone mad it seems to me we are going pretty far. When the farmer is producing too much butter we are going to force him, or at least tempt him by a bonus of one and a half cents a pound, to produce more cheese instead of butter. Then if you do not watch him closely he may produce too much cheese, and you will have to give him another bonus on butter in order to get him back into the production of butter. I do not like to make any accusations so far as elections are concerned, but the idea is in my mind at least that the thought is not entirely absent from the minds of the government that this conceivably might have some little effect so far as the votes of the farmers are concerned. They are human; the government is human, and I imagine this proposal is not without its election aspect.

I do not see where this sort of thing is going to end. As I said before, if you are going to bonus the farmer with regard to cheese you are just as likely to bonus him with regard to butter or perhaps with regard to the production of chickens. It may be that we are acquiring too great a taste for chickens; I notice chicken dinners for tourists advertised all along the road. People may eat too many chickens and that may interfere with the production of beef cattle, or ducks or something else. Then you will have to bonus the production of cattle, ducks, geese, turkeys and so on, because the balance will have been destroyed. That is exactly what is happening here. In their ignorance the farmers are producing too much butter. By the temptation of a bonus you are going to get them to produce more cheese. What argument is there against the application of this principle to any other production, I do not care what it is? It need not be only natural products; it might well be something else. It may be said that this is only another million dollars after all, and apparently it does not amount to very much nowadays. I was going to say this government but I will say this country had a deficit last year of $117,000,000, and I will very much miss my guess if we do not have a deficit for the coming year of another $100,000,000. If you are going to extend this system of bonusing all along the line I for one do not know where you are going to end. It may be that the remedy will be what is sometimes suggested by my hon. friends in what is called the southeast corner, the extension of social credit or something of that sort, which will produce all sorts of moneys so that there will be no deficits at all. I am not yet prepared to go that far.

Mr. HEAPS: I guess not.

Mr. EULER: I have a fairly open mind, but I will not go as far as the hon. member would go. But if we are going to maintain our present system then I say the government ought to make some real effort to balance the budget, and they are not going to do it by this procedure.

Mr. MYERS: As a practical farmer I have listened with a great deal of interest to the lengthy discussion centred around the proposed bonus on cheese. To a great extent I sympathize with hon. gentlemen opposite because, to be frank, I am opposed to bonuses of all kinds. In this particular instance, however, there is an excuse for it—

Mr. EULER: Not a reason.

Mr. MYERS: —and as a practical farmer I propose to make some observations concerning that excuse. Dairying is the foundation and backbone of good agriculture in any province of Canada or any part of the world. Forty years ago in the province from which I come—and I believe the same condition obtained in other provinces—private dairying was carried on. I shall make a distinction between public and private dairying, because up until about forty years ago only private dairying obtained. Then what might be described as public dairying came in. When Professor Robertson of the Department of

Agriculture, a gentleman who I am sure is known to you all, came to our province what did he teach us about public dairying? We did not hear anything about butter making; it was cheese making, and only cheese making that we were taught. Cheese factories were established at intervals throughout the different provinces.

Why did we depart from the making of cheese and go over to the making of butter? As a farmer I shall proceed to tell you why. In the first place, when we began making cheese we sent the whole milk in cans containing fifteen or twenty gallons each to the cheese factories. It was there placed in big vats; the curd was separated and made into cheese and we got back from those cheese factories a by-product known as whey. Coupled with the dairy industry in Canada is hog and poultry raising. The whey from the cheese factories returned to the farm was practically good for nothing. I believe I would be correct in saying that in connection with the raising of calves it would do more injury than good, and in raising hogs it is of very little use. That is my opinion of it, and I believe the minister would back me up.

Then we proceeded one step farther. We realized that we were finding difficulty in raising hogs and calves. At that time the making of butter in public factories came into vogue. We continued sending our milk to those factories in large cans. The making of butter however was different from the making of cheese. The milk was skimmed in the factories by means of a large De Laval separator. We got back from those public butter factories not whey but skim milk, a product which was considerably better for the raising of calves and hogs. That is why the change from cheese to butter production became popular among Canadian farmers.

Then we proceeded one step farther. About thirty years ago the hand separator came into use on farms, making it possible for farmers to separate milk each morning and evening. By that process the farmer had the by product right at hand, and they were able to feed the warm skim milk to calves and pigs. This procedure was found to be more advantageous to the farmers than the process of making cheese or butter in public plants. That is why there has been a tendency down through the years for farmers to divert more milk from the making of cheese to the making of butter; they placed a very high value on the skim milk by-product extracted on their own farms.

As the minister gave the figures he indicated that the make of butter has steadily increased until it has reached the point where it has almost become a burden. It is possible that we may be going too far, because while the output of butter has increased the make of cheese has steadily declined. As the minister indicated there is still a good market in the old country for cheese, in fact a better market for that product than there is for butter. The trouble is to get the farmer to return to the making of cheese for the reasons I have indicated. That is my excuse for supporting the bonus, a procedure which I believe will offer some compensation to the farmer for the loss of the skim milk by products. The bonus of one and a half cents per pound will enable him to buy other food for his hogs and calves. I am sorry to have taken the time of the committee, but I thought I should place the explanation before hon. members and indicate why I feel free to support the measure.

Mr. EULER: Is this a flat rate of one and a half cents on all kinds of cheese?

Mr. WEIR (Melfort): On factory cheese.

Mr. EULER: It does not include Limburger cheese, then?

Mr. EDWARDS: That hits home.

Mr. DUPUIS: What is the total amount of over-production of butter in cold storage?

Mr. WEIR (Melfort): Does the hon. member mean the present storage of butter?

Mr. DUPUIS: Yes, the over-production.

Mr. HACKETT: It does not mean over-production.

Mr. WEIR (Melfort): The hon. member refers to the stored butter during the winter period when production is less. I believe I can give the information to the hon. member a little later.

Mr. DUPUIS: Would the minister—

The CHAIRMAN (Mr. Smith, Cumberland): Order.

Mr. DUPUIS: I was on my feet.

Mr. BOYES: I should like to make a few observations on the item before the committee. I thank the government very much for the item of a million dollars placed in the estimates for the benefit of the cheese industry.

Mr. YOUNG: You had better thank the taxpayers.

Mr. BOYES: I heartily agree with the explanation made by the minister, but I must disagree with the hon. member for North Waterloo when he states that we may overdo

our efforts. I do not think it is possible to overdo the giving of bonuses or any other possible assistance to the farmers of Canada.

Mr. FRASER (Northumberland): You ought to get some votes for that.

Mr. BOYES: In years past governments have been more inclined to look after industries other than agriculture. But this government has taken more interest in the farmer than any previous government that has ever been in existence.

So far as this million dollars is concerned, if I had any criticism at all to offer, which I have not, I would rather see it two million dollars than one. The farmers of this country who are producing milk and cheese have been receiving from sixty to eighty cents a hundred for their milk, and I think we will all agree that it is not possible for farmers to produce milk at a profit at that price. When this bonus is paid on cheese I contend that it will not only be a benefit to the farmer who is producing milk for cheese purposes but to those who are producing milk for the purpose of manufacturing butter, and for manufacturing condensed or powdered milk. If it were not for this bonus, in view of the way that milk is being now diverted from the cheese factory to the creamery, it is possible that butter would soon be on an export basis, and if that were the case we would have to expect a lower price for our butter, possibly five or six cents a pound. But with this bonus on milk for use in the manufacture of cheese our farmers will receive both direct and indirect benefit. The creamery patron will receive a benefit from the fact that butter will not be put on an export basis, and it will also benefit the man who is sending milk to the condensing factory and the powdered milk factories which I contend have held down the price of milk just as low as possible, basing their price upon the export article, which is cheese. With a little increase to the cheese factory patron I feel that the farmer who is now supplying milk to the condensing factories will no longer continue to send milk to those factories unless the factory pays a higher price.

While I quite agree, Mr. Chairman, that this might have been brought down at an earlier date it seems to me that it is not too late at the present time. I contend that we are on the right road, and that this bonus on cheese is only a start in the right direction. Any other lines of agriculture where prices might be low may be given assistance in the future. I think we cannot overdo such assistance. I do not wish to delay the house. I heartily support this measure and I only hope that in the future the provision will be greater instead of less.

Mr. FRASER (Northumberland): In view of the statements made by the minister this morning in connection with the value and volume of the dairy industry in Canada I would ask if he is satisfied in his own mind that by using this equalization or bonusing fund of one million dollars he is going to change the trend of production, distribution and sale of $200,000,000 worth of dairy products originating on Canadian farms. Is it possible, Mr. Chairman, that by the payment rightly or wrongly of this million dollars the minister hopes to change, first, the trend of production from butter to cheese with all the ramifications that were mentioned in connection with the production of both articles by the hon. member who spoke a few moments ago, and, secondly, does he hope to change the trend of distribution of $200,000,000 worth of dairy products, because you must affect both cheese and butter to accomplish the objective on the export and internal market? If the minister is not satisfied that one million dollars will do this job will he indicate to the committee how much money he expects annually will be required to accomplish what he stated this morning?

Mr. WEIR (Melfort): The butter in storage on June 1, 1935, was 5,784,943 pounds—

Mr. HEAPS: That would equal our consumption for how long a period?

Mr. WEIR (Melfort): The consumption is roughly a million pounds a day.

Mr. HEAPS: So with five millon pounds in storage that would be five days' consumption.

Mr. WEIR (Melfort): Replying to the hon. member for Northumberland (Mr. Fraser) it is not felt necessary to change the whole picture but that a slight change in the picture will have the effect that we desire, and I do personally think that this million dollars spent in the way that has been outlined will be sufficient inducement to more farmers to send their milk to the cheese factory so that they can hold the market that they have, and it will draw from that milk which is being manufactured into butter sufficient to keep us from going on an export basis in regard to butter. I would like hon. members of the committee to keep in mind, rather than what might be called political or economic theories, this fact, that while we are sitting here there are hundreds of thousands of farmers in the country who are having a very difficult time carrying on, and especially those in the dairy industry.

Mr. SANDERSON: You are a little late coming to that conclusion.

Mr. CASGRAIN: Five years.

Mr. WEIR (Melfort): It boils down to this: Are we in favour of making an effort along the principles that have been adopted by both parties in the past of giving a subsidy, or assistance to prevent the price that the farmer gets for his butter and dairy products reaching such a level, because it would reach the level of the world market, that it would be impossible for him to carry on? If conditions should arise that have arisen, and there is every reason to believe that they may do so this year, it would mean that our dairy farmers in Ontario would be getting nine and ten cents a pound for their butter, and those in western Canada seven and eight cents a pound. That is the practical problem that is in front of us. Hon. gentlemen opposite have themselves voted on occasion for subsidies, protection, shelter behind which people could reap a benefit that every person in the country helped to pay for. The issue at stake is not simply a matter of bonusing cheese to help the cheese industry along but to assist the butter industry, the evaporated and condensed milk industry, the fluid milk industry, the whole dairy industry. In that this proposal differs from a straight bonus by which one product alone would benefit.

Mr. FRASER (Northumberland): I wish to thank the minister for the explanation he has just given of what he anticipates will be possible by the payment of this one million dollar bonus, and the results that he expects not only in the cheese industry but in the diversions of milk from the butter factory to the cheese factory, affecting as the minister said the whole industry right from the production of the fluid milk to its ultimate consumption. I was very much impressed by the statement made by the minister as to the effect which this bonus will have between now and October 1, the date when he indicated it would be unnecessary to go further when the date when the desired results would be accomplished.

Mr. WEIR (Melfort): I desire to correct the hon. member; I did not make such a statement.

Mr. FRASER (Northumberland): I understood the minister to say that he anticipated that by October 1—

Mr. WEIR (Melfort): I stated that we believed that $1,000,000 would be sufficient to pay a bonus of one and a quarter cents per pound on every pound of cheese manufactured between the present date and March 31 next year.

Mr. FRASER (Northumberland): May I point out that we are now in the first week in July and June and July are the two best pasture months for the cheese industry. These are the months when there is the greatest flow of milk to the cheese factories. In most areas in Canada, particularly in the east, the pastures dry up after August 1 and the deliveries of milk to the cheese factories decrease. I think even hon. members opposite will agree that it will be impossible to get the dairy farmer to divert his milk from the creamery to the milk factory between now and the time his pasture will be dried up. The cheese factories have been open for some time and they are equipped to take care of the anticipated supply of milk which would naturally flow in 1935. As I said, we are in the first week in July and I contend that it will be impossible to divert any great amount of milk to the cheese factories.

The minister used very effective and impressive language to describe the disastrous position of the dairy industry of Canada. I am quite satisfied that no hon. member will deny the truth of that statement. I shall not go into the ramifications of international trade or of the policies which might have improved the position of our dairy farmers but I do wish to say that it seems to me to be a very belated date for the government to bring in a policy of cheese bonusing. The dairy industry has been in its present position, as far as price is concerned, for the last two or three years, so why was not this scheme brought forward before? I have stated from my place in the house that from an economic standpoint and from the experience of other countries this scheme is wrong and does not improve the conditions of the dairy farmer. I submit that it will prove a boomerang to the industry as is illustrated by the butter industry. Because we have held up the price of butter over the world market price we are now faced with a surplus and in order to readjust the flow of milk we are going to pay a bonus on cheese. This seems to be a belated policy, belated not only in the life of this government but in the year 1935. I notice the Minister of Railways and Canals (Mr. Manion) has just taken his seat. I always endeavour to learn from those who know more than I do and on several occasions I have heard the minister use the phrase, "rolling the pork barrel." If there was ever an instance of pork barrel rolling, it is this vote

of $1,000,000. This thing is wrong in principle and is simply an example of pork barrel rolling in an endeavour to get the dairy vote of this country.

Mr. PICKEL: Mr. Chairman, I should like to direct the attention of the committee to certain facts in connection with this cheese bonus which have not yet been mentioned. The production of dairy products in Canada is far in excess of what we can consume and we are faced with the problem of getting rid of our surplus. When we compete in the British market with New Zealand, Denmark and the rest of the butter exporting nations we receive the lowest grading and lowest price for our product. But when we sell a pound of cheese the situation is different, we top the market. There is not a country on the face of the earth which can compete with Canada in the manufacture of cheese.

Mr. YOUNG: Then why bonus it?

Mr. PICKEL: On May 1 Canadian cheese in London was worth fourteen and a quarter cents while New Zealand cheese was worth only eleven and a half cents per pound. Does that say anything?

Mr. YOUNG: It says that we do not need a bonus.

Mr. PICKEL: We should encourage the manufacturing of an article which we can get rid of in the world's markets. We cannot get rid of our butter so let us make cheese. The hon. member from the province down in the gulf (Mr. Myers) gave several reasons why our farmers had ceased to make cheese and had gone into the production of butter, but there is another cause which he did not mention. The commission men do not want our farmers to make cheese as they cannot manipulate the price of that product. Prices are received every morning by cable from London and they cannot regulate cheese prices as they do butter prices. For the past few years the price of butter in Canada has been higher than in any other part of the world but during the past six months prices have risen considerably in the United States because of artificial stimulation. For the past three years we have been getting from five to ten cents per pound more for our butter and from ten to fifteen cents a dozen more for our eggs.

Mr. POULIOT: This is the best dairy country for the sale of eggs.

Mr. PICKEL: It is a question of getting rid of our surplus. Since I have been in this house I have done everything I could to get the government to encourage the manufacture of cheese and I think this is the best piece of legislation which has been brought forward in the past five years. We should try to interest the farmer in the manufacture of cheese so that he will be making an article which he can get rid of at the best price in the world.

Another reason why the farmer should divert his milk from butter production is the procedure followed by city distributors. During the summer producing season these men will pay the farmer 18, 19 and 20 cents a pound for his butter and they then use the cold storage warehouses which are subsidized by the government to store that butter until next winter when they will get 30 or 35 cents per pound for it. In the west they have been buying eggs all spring at 5, 8 and 10 cents a dozen, and next December we shall be paying 45 and 50 cents per dozen for the same eggs. The cold storages were built, presumably, for the benefit of the farmer, but they have worked out to the advantage of the distributor. They have not done the farmer any good; they have done him damage. Let me tell the committee something of the efforts that were made in the eastern townships a number of years ago to encourage the making of cheese. It was in the day of the late Sidney Fisher, Minister of Agriculture, and through the efforts of one man in that section, Mr. Foster, we had a cheese board established, one of the largest in the dominion. Everything was working nicely and we had legislation passed by which the distributors in the city had to come to the factory and examine the cheese and grade it at the factory, leaving an accepted cheque for it before it was moved. The minute that was done the distributors began to fight it. Fifteen or twenty of them would come to Cowansville every Saturday and meet the salesmen at the board, and they would feast them, wine them and dine them and then take them round the corner and say, "If you will sell off the board we will give you so much more." The farmers fell for that and inside of two years there was no longer a cheese board.

The farmers individually are the brightest people we have in the country, but collectively they are the greatest lot of nincompoops who ever wore shoe leather.

Mr. BROWN: That is why they fell for New Zealand butter.

Mr. POULIOT: The hon. gentleman said he wanted to get rid of the markets of the world with regard to the dairy industry.

Mr. PICKEL: I did not catch what the hon. gentleman said.

Mr. POULIOT: I understood the hon. member to say that he wanted to get rid of the markets of the world with regard to the dairying industry.

Mr. PICKEL: You are dreaming.

Mr. POULIOT: I was listening carefully to what he said and Hansard will show what he did say. At any rate, there is a very important factor to be considered in connection with the sale of cheese, and that is the home consumption of cheese. People eat less cheese in Canada to-day, according to the official figures put on Hansard last year. I will not read them again, but last year when I spoke in answer to the hon. member for East Middlesex (Mr. Boyes), who spoke this morning, I quoted from the government returns showing that people in Canada were eating much less cheese than they had done before. I would therefore offer this suggestion to the minister, and if he is thrifty he will accept it. My suggestion is to reduce the vote by $975,000, which will be a considerable saving to the country, and use the other $25,000 to advertise cheese. We should have a slogan, "Eat more Canadian cheese." For a time on the railways there were cards advising people to eat more Canadian cheese; it was on every menu. Instead of bringing forward plans which will never succeed, the minister should do something to advertise cheese. The minister himself, the Prime Minister, the Minister of Finance, and every other cabinet minister, in every speech they make, should advise people to eat more Canadian cheese. The result will be an increased demand with an increase in price and we shall get rid of the superfluous board. It is easy to do that. Most of the advertising would be done by the ministers themselves and by members of this house. If this were done we could save this $975,000, by which amount I suggest that the vote be reduced.

Mr. WEIR (Melfort): There is a good deal in what the hon. member has said, but I disagree with him in one particular. The record shows that in 1934 more cheese was consumed in Canada than in any year since and including 1925. Perhaps this was due to a good deal of speaking and discussion such as the hon. gentleman suggests. The hon. member for Northumberland (Mr. Fraser) said that the months for the large production of cheese were May and June—

Mr. FRASER (Northumberland): Excuse me.

[Mr. Pouliot.]

Mr. WEIR (Melfort): —the important pasturage months.

Mr. FRASER (Northumberland): I did not say May; I said June and July.

Mr. WEIR (Melfort): Yes. The information we have is this. Grading by months, for 1934-35, gives us some estimate, and in June there were graded 155,628 boxes, whereas in July there were graded 196,524. I admit that some of the boxes in this July grading would be cheese manufactured in June; we have no accurate information as to the precise production in each month. But the next month will clarify it, so far as June is concerned. In August the gradings were 219,050 boxes. The grading is supposed to be absolutely completed before the middle of the following month. In September the figure was 153,432 and in October 155,182. It will be seen therefore that the largest proportion of cheese is produced from the first of July on. There is another matter I want to discuss and that is the question as to why this was not done before. I said that in 1933 efforts were made to keep as far as possible from reaping the disastrous effects of going on the world market with the price of butter as it was then. In 1933, by a voluntary agreement, we could have got off our domestic market some of the surplus that was threatening us, but our efforts in that respect failed because some of the people who had entered into the agreement the year before did not live up to it. This year we had hoped that there would not be the falling off in cheese that did take place, and it was because of the very rapid fall in production up to the middle of June, over eighteen per cent, and the increase in fat going into the production of butter being practically the same. I was rather disappointed, particularly in my own case, that any hon. member should suggest that I above all persons should think of any political significance in connection with this matter when everyone knows that my whole aim is to help agriculture, as my hon. friend from Melville also wishes to do.

Mr. FRASER (Northumberland): Would not the best way to adjust matters be the way that was followed in 1933? You produced too much butter and you put a certain amount on the export market, though it is quite true that some of it was at a loss. The farmers, even with the 1¼ cents, will send their milk where they choose and where they think it will be most advantageous to them to send it, as they have been in the habit of doing. Even with this bonus there will be a large surplus of butter at the end of 1935, according to the minister's own

figures. And by the time the butter season is over I will vouch for it that there will be a surplus of butter in Canada of between 25,000,000 and 30,000,000 pounds.

Mr. WEIR (Melfort): If the hon. member gathers from my figures that we estimate a large carryover at the end of 1935, let me assure him that there will not be such if this scheme has the effect we hope it will have.

Mr. FRASER (Northumberland): I quite appreciate that explanation, but I contend—and I think experience will justify this—that owing to existing conditions, if this what I might call vicious principle is adopted, there will still be at the end of 1935 that surplus which will have to be got rid of on the export market. In other words, the dairy industry in Canada cannot be maintained by the consumption of butter, cheese and fluid milk by the Canadian people; the dairy industry must have an export outlet. By this method of bonusing the government is simply trying to change the alignment in the dairy industry, though not satisfactorily, for this can be done in a sound economic way only by the trend of the industry itself. The government cannot by unnatural or uneconomic methods, by the expenditure of $1,000,000 on a $200,000,000 industry, change its whole alignment. If there is a surplus of butter at the end of the year, it will by arrangement or force have to find an outlet on the export market. That is the picture, and this payment of one and a quarter cents a pound on cheese will not achieve the desired result. So we are adopting a principle that is wrong; with the country confronted year after year with a deficit, we are using public funds in an attempt to realign unnaturally the dairy industry that in its different branches must depend for an outlet on an export market. The sound thing is to do as we did in 1933, and the decrease in the price of butter itself, whether we like this or not, will realign the industry; but this cannot be done by the expenditure of this $1,000,000.

Mr. WEIR (Melfort): If we did what the hon. gentleman suggests we would but aggravate the condition that we are trying to correct; that is, if we bonused the export of butter, the tendency would then be to increase the production of butter.

Mr. FRASER (Northumberland): I did not suggest bonusing the export of butter.

Mr. WEIR (Melfort): To get rid of it either at a profit or a loss.

Mr. FRASER (Northumberland): But not to bonus it.

Mr. WEIR (Melfort): But some person has to take up the loss if the butter is exported, because if it is taken out of this country at a loss, we cannot expect those engaged in the manufacture of it to stand the loss.

Mr. FRASER (Northumberland): What about other producers or manufacturers? If I play the stock market, I pay the shot; the government does not.

Mr. WEIR (Melfort): The hon. member has also lost sight of this fact, that there is not any talk of withdrawing from the world market. The idea is rather to maintain our position in the world market with that product for which a market has been established, which market can be maintained to a better advantage for the dairy industry if we do not encourage the production of butter.

Mr. POULIOT: What was economically unsound?

Mr. TUMMON: It seems to me that this whole matter is one that should be considered on a fair basis and one that is not very hard to be settled if we only apply our minds to this problem. The fact is that we have in Canada a surplus of milk. The milk goes through different processes of manufacture; they have been named here to-day, for instance, evaporated milk, condensed milk, fluid milk, butter and cheese. It is a fact well known to every hon. member that those who are so geographically situated that they can send their milk into the cities or to the factories for evaporated or condensed milk and as fluid milk receive for it a far better price than do those who are so geographically situated that they must depend upon the butter and cheese industries for the disposal of their milk.

As regards the question of butter, during the last two or three years, and in fact for a longer time, the man who disposes of his milk to the butter factory has received an average of from fifteen to twenty cents per hundred pounds more for it than has the man who has been sending his milk to the cheese factory, and only about five or six per cent of the total milk production of the dominion goes into the manufacture of cheese. It has been said in the house that during 1934 the increase in the price of butter over the world market put into the pockets of the Canadian producers amounted to the sum of $8,000,000. If you take the total production of butter in the dominion for the year 1934 of 233,047,500 pounds and multiply that by the increased average price of butter over the

world market of 8·14 cents, it will be seen that the amount received exceeds $8,000,000 considerably.

What do we want to do? Do we want to reduce the price of butter or the price of milk given to the producers who send it to the butter factories? We must move off the market a certain percentage of the milk or we are going to have that reduction. Those who have been producing the five or six per cent of the total milk production and sending it to the cheese factories have for the past three or four years stood the brunt of stabilizing the dairy industry in this country. I consider it is high time that the responsibility should be shifted somewhere else instead of upon those who have been sending their milk to the cheese factories.

An hon. MEMBER: The Tory policy.

Mr. TUMMON: Not as a result of Tory policy. The hon. gentleman has been talking about New Zealand butter. Let him consider the average price of butter in Canada over world price when the New Zealand and Australian treaties were in force and compare the average price in Canada over world price since and he will find that the average price is greater than the average world price of a few years ago.

An hon. MEMBER: Tell that to the farmers.

Mr. TUMMON: The fact is that it is not a fair proposition to ask the people who are supplying five or six per cent of the total milk production of this country to stabilize the entire Canadian industry; the responsibility must be put somewhere else, and I congratulate the Minister of Agriculture on his attempt to do this.

Mr. POULIOT: What about the present high price for butter in the United States?

Mr. MACKENZIE KING: Is it the intention to go on with supply in the afternoon or to take up one of the bills?

Mr. RHODES: I imagine we will continue with what we are doing now.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. BENNETT: I move that the committee rise, report progress and ask leave to sit again this day.

Motion agreed to and progress reported.

[Mr. Tummon.]

RADIO BROADCASTING

NON-CONCURRENCE IN SENATE AMENDMENTS

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

That the motion adopted on the 28th June, 1935, with respect to the Senate amendments to Bill 99 be rescinded and the following substituted therefor:—

Resolved, that a message be sent to the Senate to acquaint their honours that this house disagrees with their amendments to Bill No. 99, an act respecting radio broadcasting, for the following reasons:—

(1) Bill 99 purported to amend The Canadian Radio Broadcasting Act, 1932, only to the extent that chapter 35 of the statutes of 1932-33, an act to amend The Canadian Radio Broadcasting Act, 1932, assented to on the 23rd May, 1932, should continue in force until the 31st March, 1936.

(2) The amendments proposed by the Senate would have the effect of limiting the duration of the life of The Canadian Radio Broadcatsing Act, 1932, to the 31st March, 1936.

(3) It is desirable that Bill No. 99 should be redrafted or amended so as to provide that The Canadian Radio Broadcasting Act, 1932, should remain in force indefinitely, but that the amendments made by chapter 35 of the statutes 1932-33 to such act should continue in force until the 31st March, 1936.

And this house respectfully suggests that the Senate should take the appropriate action to that end.

And that the clerk of the house do carry the said message to the Senate.

He said: Mr. Speaker, after discussion with the law officers it was found that there was a question as to whether or not the proposed amendment that left this house was inoperative to accomplish the end sought for the reason that it did not, in sufficiently clear terms, indicate that the purpose was to maintain in operation until March 31, 1936, the amendments adopted in 1932. The Senate, misconceiving for the moment the purposes that we had in mind, adopted as an amendment a provision that would have terminated the life of the main act, passed in 1932, on the 31st March, 1936. After having had the matter carefully looked into by the law officers it is believed that this motion will enable the Senate to adopt an amendment in accordance with the terms of the bill introduced here as Bill No. 99, which will remove any doubts as to the effectiveness of the legislation to accomplish the end proposed.

Motion agreed to.

CANADA-POLAND TRADE AGREEMENT

Right Hon. R. B. BENNETT (Prime Minister): I ask leave of the house to lay on the table copies of the convention of commerce between Canada and Poland executed this day. With similar consent I would move for

leave to introduce a bill without notice, for the purpose of having the bill printed so that it may be before the members of the house to-morrow. The bill relates, of course, to the convention. If the motion passes, enabling me to introduce the bill without notice, I will indicate what the bill is and what its purposes are.

Motion agreed to.

Mr. BENNETT: I move that the bill be read a first time. The convention which I have just tabled, and copies of which I have sent to the right hon. gentleman opposite, is a convention with respect to trade and commerce between the republic of Poland and the Dominion of Canada. The bill proposed is to give effect to it, in the ordinary five-section bill, ratifying and approving the convention itself.

Motion agreed to and Bill No. 121, respecting the convention of commerce between Canada and Poland, read the first time.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

Miscellaneous—
Natural Products Marketing Act—further amount required, $1,000,000.

Mr. RINFRET: I listened with a great deal of attention to the discussion of this item last night and this morning, and I feel that I must say a word in order to register my protest against this vote. The minister has been very industrious; he has striven very hard to show why the government were proposing this item, but in my opinion he has completely failed to indicate why there should be a premium for cheese rather than for sausages, potatoes or any other farm product. There is one reason, however, that he has not advanced, and the more I followed the discussion the more convinced I became that it was the real reason for this item. It is that the government feels very uneasy on the eve of an election as to the attitude it will take concerning the price of butter. I do not wish to deal with tiresome subjects, but it is known to very hon. member that in 1930 the question as to the price of butter was a very dominant factor in the victory of the Conservative party of that day. In those sections of my province in which I travelled it was in my opinion practically the only reason for the election of Conservative candidates. The city population resisted very well the appeals made to it on labour and unemployment questions, at a time when unemployment was less serious than it is to-day. But in the rural parts of Quebec the butter question was the predominant one and appeals made by hon. members opposite indicating that if elected they would raise the price of butter were in my opinion the main reasons why the Liberal party lost many seats in that part of the country. I believe the same observations would apply to other parts of Canada.

I do not wish to turn from the item before us. May I observe that the government having failed to indicate why it would place a premium upon cheese and not upon other products indicates that it wishes to have some argument to present to the farming population and to make its position easier due to the fact that instead of rising, as was promised in 1930, the price of butter has declined about ten cents per pound. That condition has obtained for the last four or five years.

The Minister of Agriculture has said that this vote offers the farming community an opportunity to make use of their milk. It is a curious attitude to take, and we are surprised to find the minister telling the farming population, "We promised we would raise the price of your butter; we have failed to do that, the price having been reduced one-third of the 1930 price, an amount of ten cents, but we are going to do something else. We will help you not to produce butter and will make provision whereby you may use milk for other purposes." For these reasons it is proposed to spend $1,000,000 to induce the farming population to use surplus milk in the manufacture of cheese. As was well said yesterday by an hon. member from Ontario on this side of the house, such action would mean that the Canadian taxpayer will have to pay part of the price of the cheese we sell on the British and other markets. I say that is a wrong policy. Not only is it wrong in practice, and would lack effectiveness, but it is wrong in its inspiration.

If hon. members would look through the supplementary estimates they would find many millions of dollars provided for no purpose other than that of putting into practice reforms suggested by this government, not for the sake of reform but for the sake of having a political program to offer the Canadian electorate. Here is a million dollars which is not spent for cheese—unless we say that the retention of power is in itself a form of cheese. This session of parliament, with its very pretentious program of reform will cost

from $10,000,000 to $15,000,000 not to help the farmers, not to help this or that class but, in plain words, to make it easier for the government to face the electors or at least to alleviate the defeat in store for them.

I have discussed this matter; although I am not a rural member, especially in the last few months I have been travelling, and I have learned that the farmers do not expect very much from expenditures such as this one. But they will help the Conservative candidates in Missisquoi and Compton, and in other places where promises were made to the dairymen. Those candidates will be able to say, "Well, we have not been able to help you in securing a good price for butter; world conditions have been responsible. But we are doing the next best thing: We are taking money from the pockets of the taxpayers to pay towards the cheese which you will produce." That is a very bad policy. As a matter of fact, in a general way I will say that all these artificial reforms are bad. There is only one way to help the community at large and that is to work towards a normal return to business conditions. But if you have to spend a million dollars to help one industry and another million dollars to help another part of the same industry you are simply replacing one evil by another and getting nowhere by way of social reform or improvement.

I shall not speak much longer, but after listening carefully to the explanation of the minister I must say he has not given a single reason why the money should be spent for cheese any more than for potatoes, sausages or anything else. Before sitting down I should like to make this suggestion. I suggest that he spend only $500,000 for cheese, and when the market becomes flooded with cheese he will have another $500,000 to help the farmers in another direction. We would have to go on like that forever. As soon as he has overproduced one commodity he will have to spend another sum of money to improve another branch of the industry. I say that policy is all wrong. We should have good tariff conditions and good government, and I do not believe these millions of dollars being spent to enable the government to deceive the people by a program of reform which taken all in all, will never have any very good effect, will relieve the situation. I believe the government is spending money in a very irresponsible manner and I must protest against it.

Mr. WEIR (Melfort): The hon. member for Athabaska (Mr. Davies) asked for information, and I take this first opportunity to give it to him. He asked for the amount of cheese produced in 1934 in the different provinces. These are the figures:

	Pounds
Prince Edward Island	340,000
New Brunswick	350,000
Quebec	21,721,000
Ontario	73,497,000
Manitoba	1,130,000
Saskatchewan	750,000
Alberta	1,286,000
British Columbia	678,900

Mr. HACKETT: Mr. Chairman, the hon. member for St. James (Mr. Rinfret) has told the committee he does not like artificial methods, and among those methods he includes the stabilization scheme in aid of the dairy industry now before the committee. As to the general proposition I do not take exception to his expression of opinion, but I believe the hon. member will admit that the whole world is in a state of dislocation. There come times in the health of the individual as in that of a nation, when it is necessary that he have recourse to extraordinary means. Stimulants in times of crises are admitted by all to be not only wise but necessary. The hon. gentleman has not denied that it has been necessary to expend large sums of money in the city over whose municipal government he presided with great dignity for a period of two years. Some time back it would have been a source of astonishment to the hon. member had he known that it would be necessary to vote millions of dollars to provide for the sustenance of thousands of people in the prosperous city of Montreal. That is not the lot of Montreal alone but the lot of every large agglomeration of population throughout the civilized world. If it has been necessary to apply artificial means of sustenance to the urban population; why not to the rural? We know what has been done in England; we know what is being done in the United States. It has been necessary to resort during a period of disequilibrium to extraordinary methods. I have no particular desire, Mr. Chairman, to be drawn into a political controversy on this question. My hon. friend knows well that there has been set up in his province and in mine a dairy commission. He knows that the government of that province has fixed a definite price for milk, and he knows that, having fixed the price, that government has also fixed the quantity that may be sold at that price and has made no provision for the balance that is thrown back into the pot to be disposed of as best it may. These extraordinary measures were to meet extraordinary circumstances. We are confronted with many forces

flowing from disequilibrium. To meet them the country has paid large sums on account of unemployment. Suggestions are made to the house embracing reforestation, the building of highways, housing and other works which are not immediately necessary, to help those temporarily embarrassed. Should we not in fairness to ourselves and to the nation consider whether the proposal now engaging the attention of the committee is not worthy of approval?

I shall not waste much time on those lighthearted gentlemen who tell us that butter was worth so much five years ago or that our national revenue was so much five years ago. Every gentleman who is familiar with even the rudiments of economics and current affairs—

Mr. CASGRAIN: You did not say that in 1930.

Mr. HACKETT: My hon. friend knows very well that the volume of trade between Great Britain and France which in the year 1930 was 1,300 billion francs shrivelled to less than 400. He knows that as well as all hon. gentlemen. So I am not going to waste much time in discussing what everybody who wishes to be serious already appreciates and is willing to admit.

Some reference has been made to promises about butter. My sins of omission and commission may be many, but I made no such promises. It is true that butter sold at a much higher price in 1930 than it is selling at now, but a point which I think hon. gentlemen should not overlook is that whereas in 1930 butter was selling at the world price, plus one cent duty—there was a spread of about one cent and a fraction—the spread under the present administration has been vastly increased until for the year 1934 the average price of butter in Canada was 22·29 cents, whereas in London, where the world price is fixed, it was but 15·65 cents. I draw this in all fairness to the attention of hon. gentlemen opposite. The price of butter has gone down but there is a substantial increase in the price of Canadian butter compared with the world price of the same commodity. I do not mention these facts to score off anybody. But I am anxious to bring home to the people who wish to deal with this matter seriously an all important fact.

Now let us consider for one moment something that has been brought up not infrequently during the debate. Something has been said about tariffs; something has been said about manufacturers. Is it not a fact that the manufacturers, the industralists, the professional men, are all organized and organized for their own benefit? I do not say that they are organized for their own benefit exclusively but they are organized so that their affairs may be conducted in an orderly way. In my own profession, for instance, rules have been enacted for its government. There are rules which discipline members of the bar and there are means of exacting a certain level of conduct from each of them. There are other rules which apply to emoluments. That is true also of the medical profession; it is true of organized labour, whether it be railway labour, the iron workers or the garment workers. Wherever we go in professional and industrial life we find organization and a measure of discipline and a measure of control. Broadly speaking it is true that the only element of our population which is not organized, the only element which is at the mercy of wind and wave, of greed and exploitation, is the primary producer. Never has the primary producer of this country been willing to yield up enough of his individuality and his so-called liberty to reap the benefits of discipline and order. I believe that this government has enacted a measure, the marketing act, which affords to the primary producer the opportunity to give himself a labour union, the opportunity to give himself a professional organization, that from it may flow discipline and the benefits which come from order and hierarchy. I submit this to the committee; if the farmers organize under this act, as already groups have done—we have been given details with respect to the producers of different commodities, apples, potatoes, chickens; the milk producers in British Columbia, who have all sought the shelter of the marketing act and are satisfied with it—if the dairymen of this country will organize, and it is a vast undertaking because this industry is represented in every province and in every section of every province in the dominion, it seems to me they will benefit and that we should afford to them while in process of organization a measure of succour and support. They require assistance, they require encouragement, until equilibrium is reestablished.

So long as my memory runs, the farmers in the southeastern counties of Quebec have shipped their dairy produce in the form of sweet cream and fresh milk to the industrial centres of New England. Without a moment's warning a dyke—the Hawley-Smoot tariff—was raised which dammed back that generous stream until it flooded out the farmers living in that locality. While we had that ready market it was possible for

us to import butter from Australia and New Zealand to good advantage, but when that market was taken away it was necessary that something be done for these farmers. While some hon. gentlemen regret that tariffs in this country are so high, most hon. members —I make one exception and bow low to the hon. member for Weyburn (Mr. Young)— admit that evil though they may be, they are a necessary evil. We have had to enact tariffs to preserve the life of our industry and the standard of living of our industrial workers. If that is a sound argument for industry, I submit that we should do something to protect this vast section of the community which is not protected. I submit further that while these changes are being brought about it is doing scant justice and providing rather skimpy generosity to vote a million dollars for the stabilization of the greatest industry in Canada.

I do not see how any hon. gentleman who is even remotely familiar with the dairy industry can question the wisdom of exporting our surplus in a form that commands a premium in the world's market. At the present time our cheese—I admit that there are certain accidents as to age and scarcity tending to raise the price—brings four cents per pound more in Great Britain than the cheese of our rivals for that market. Hon. gentlemen opposite have stated that our butter is of an inferior quality and does not bring as good a price in the world market as does the commodity produced by our competitors. If that be true, and I do not think it is questioned, is it not in the interests of the dairymen—dairying is the principal part, wheat notwithstanding, of Canadian agriculture—to make at least an effort during a moment of trial to stabilize prices and to bring about some measure of relief? I think it was the hon. member for Northumberland (Mr. Fraser)) who asked if a small amount like $1,000,000 would be adequate for the stabilization of this vast industry. That is a fair question, the answer is that only a small fraction of the total production of butter goes into the export market and it is that small fraction which raises havoc with prices. Our price here is the price of our demand plus our protection until we have a surplus and then we must take the price that is offered to us in the markets of the world.

We have come to the assistance of different elements in the country. We have voted millions in aid of industrial employment; we have voted other millions for this and that activity, but because this vast farming industry happens to be unorganized it has been forgotten in the past. It seems to me that there is a promise of brighter days for the farmer if he will avail himself of the possibilities of the marketing act and is given some encouragement and stimulus while efforts are being made to bring him under that act.

Mr. MOORE (Ontario): Does the hon. member not remember that we shut out imports of butter from Australia because it was being exported to this country under a plan similar to that proposed and supported by the government?

Mr. HACKETT: No.

Mr. MOORE (Ontario): Oh yes, the Patterson plan.

Mr. HACKETT: As I recall the Patterson plan, it was one under which the producers of butter contributed to a fund a certain amount per pound produced and a certain amount per pound was taken from that fund and applied to each pound exported. Even were I to grant the premise of the hon. member for Ontario (Mr. Moore), which unfortunately I cannot, the situation is entirely different. The scheme which is outlined here is one by which assistance is given to the producer whether or not his product finds its way into a foreign market.

Mr. MOTHERWELL: I have no desire to be supercritical of this vote and I do not intend to criticize it until I find out how it is related to the marketing act. It is usual for a marketing scheme to be set up before you pass a vote of this kind. I happened to be in Leeds and Lanark counties during the week-end and I discussed this matter with a number of farmers, but they did not seem to understand it at all any more than I did. They told me that they had asked for a bonus of two cents per pound on all cheese exported, and I suppose this vote is the answer. After reading this designated vote one could easily conclude that it was for organization purposes under the Marketing Act rather than for a subsidy to cheese. Would the minister give an anxious inquirer the connection between this vote and the marketing act? I think every hon. member is sympathetic towards the dairying industry, as that industry is so closely allied to the health of the people and the fertility of the soil. This industry means practically to the east what the wheat industry means to the prairies and it deserves our close and sympathetic attention. I have no doubt that if provision were made for a straight subsidy of one and one half cents

per pound on all exported cheese the minister would not be able to find an objector, but it is a different thing when this matter is brought in in this furtive and mysterious way. I am really in a dilemma and I wish the minister would disentangle me.

Mr. WEIR (Melfort): It is intended that a great part of this vote will be expended under the provisions of section 9 of the Natural Products Marketing Act, but a scheme would not be set up, as the hon. member will appreciate, until the money is made available. When the money is made available it is intended to set up a scheme to equalize the dairy industry and provide assistance to those farmers who send their milk to the cheese factories.

Mr. MOTHERWELL: I rather suspected that was the situation although I did not know. Section 9 was one of the most objectionable sections of this bill so far as the opposition were concerned, and instead of making the bill more acceptable to us the minister is endeavouring to make it more objectionable. And the same remark may be made with regard to the amendments he brought down; two of them were very objectionable. Now we have him invoking section 9 without the farmers having taken any initiative whatever. Under section 9 the minister has authority, if he considers that any product is prejudicially affected under the marketing conditions that surround us, to take the initiative himself and work through any local board or agency he desires, and he instructs the central board to proceed as if it had been asked for. What is the matter with the Ontario dairymen that they cannot ask for something which on the face of it is so good? Why should the minister have to come to the rescue and ask for it on their behalf? That is the point I am concerned about. If he will bring down a straight subsidy to the dairy industry, especially the cheese industry, there will not be much comment upon it; but I cannot understand why he should proceed in this mysterious way on his own initiative in one of the oldest districts of Ontario. Why cannot the dairy industry in this province take the initiative instead of the minister doing so?

Mr. YOUNG: Last week the minister introduced and passed through this house a bill amending the marketing act, which provided that a fund be set up to be raised by a levy on the commodity concerned, and the explanation he gave of the use to be made of the fund was identically the same as the use to which this million dollars will be put. Is this million dollars a substitute for the fund he proposes to raise by that levy, or is it in addition thereto?

Mr. WEIR (Melfort): It is in addition thereto, not a substitute. The bill to which the hon. gentleman refers was not introduced for the purpose of setting up a fund. When I was asked as to what use might be made of the section, I said it might be used in this way.

Mr. YOUNG: Then there will be more than one million dollars available for the purpose. In addition to the million voted by the taxpayers, all those engaged in the dairy industry will be subject to a tax which they will have to pay or go to gaol.

Mr. WEIR (Melfort): No; the hon. member is confusing matters. There is no levy, there is no tax of any kind associated with this million.

Mr. YOUNG: Then I must ask the minister to explain again the bill he brought in the other night, because when we asked for an example of the way in which the money would be spent he used the very illustration of butter and cheese and said that the money so levied would be used to bonus the farmers to stay in the production of cheese and not to go into butter.

Mr. WEIR (Melfort): If they submitted a scheme to do it that way.

Mr. MOTHERWELL: I remember distinctly that the explanation the minister gave was as the hon. member for Weyburn has stated, and I expressed my lack of understanding of the whole intent of that bill. That was why I thought that this vote of one million dollars was for an entirely different purpose. I hope the minister will help me out in my understanding of it now. How is it that the Ontario dairymen do not take the initiative themselves in setting up a marketing scheme, instead of the minister stepping in himself and doing it for them. Can they not take on a good thing when they see it without waiting for the minister to do the taking on, just before an election, though that is incidental? I do not mind that; you can pack this chamber full of bills and votes of this kind and it will not save these hon. gentlemen from their impending doom, so that that does not concern me. Self-preservation is the first law of nature and we concede them the right to hang on to every straw they can get their claws on

between now and election time. But I do not want to be put in the position of an unfriendly critic of this million if it is going to the dairy industry and they want it through a marketing scheme. They cannot want it very ardently or they would have organized themselves under the marketing act. They want two cents per pound straight bonus on their cheese as far as I can make out, and here under an item entitled Natural Products Marketing Act we have $1,000,000. No wonder no one understands what it is for.

Mr. WEIR (Melfort): I regret from what was said the other night, that hon. members should have gathered the impression that this million was to be used in addition to or in conjunction with any levy made, because I am quite certain that I did not say so, and if they will read my remarks they will see that I did not say anything that would convey that impression. The hon. gentleman asks why the dairy farmers of Ontario have not submitted some scheme under the marketing act. They have, in conjunction with the dairy farmers of every other province in the dominion. But, as I have stated, the difficulty of organizing an industry in which so many people take part, hundreds of thousands of farmers, is such that it cannot be done in a very short period. Hon. gentlemen would seem to give the impression that little advantage has been taken of the marketing act to date, and the thing I have always kept in mind, especially while in committee in the house, is the great contrast between the opposition advanced against the measure when it was introduced and what has actually been taking place among the great farming population of Canada, who have been taking advantage of it. The board was set up only in August, and already there is under the administration of the marketing act, and taking advantage of its provisions, over $43,000,000 worth of annual business. Not only that, but there are applications from farmers to have provision made to enable them to make use of the act to be extent of a further $240,000,000. In other words, the producers of $280,000,000 odd of produce have applied to come under the administration of the act without any effort on the part of the dominion government or of the marketing board to lead people to take advantage of its provisions. It is simply the natural outcome of what has been taking place, and the thoughts that have been in the minds of farmers throughout the country for years. We had men who devoted the greater part of their lives, without thought of reward of any kind, to the development of a cooperative marketing system among the farmers so that they would by voluntary effort be able to rid themselves of what they regarded as a great deal of unnecessary waste and cost in getting their products to market. Every hon. member who is a farmer must have in mind the names of some of these men. We had Mr. Morrison of Ontario, Mr. Wood of Alberta, Mr. McPhail of Saskatchewan and many others, whose great regret was that, although they realized that they had accomplished a great deal in the way of voluntary cooperation, the forces for which they had laboured so long and unselfishly were still unorganized to such an extent as to leave themselves a ready prey to those who were more concerned with their own selfish interests and who were ready to take advantage of the unorganized farming community. The fact that that work had been done and that the farmers were anxious that a further step should be taken is evidenced by the number of applications that have come in—applications to the extent of $280,000,000 of agricultural business apart from wheat.

I was the first to state in this house, when I moved the resolution leading to this act, that there would be many obstacles which we could not foresee. No one could expect otherwise in a change in the marketing of the products of the farm, and which was to take the place of a system that had been built up but was regarded by the farmers as not giving that service which it should. Therefore I maintain that it is a great and undoubted proof of the feeling on the part of a great body of farmers in this country that in this short period, especially in view of the misrepresentations by great sections of the press and also by hon. members opposite as to the benefit that can be derived from the Natural Products Marketing Act, these farmers have availed themselves to this extent and expressed themselves as being strongly in favour of it. I am not talking of men of academic minds as has been suggested here, but as I am making this statement I have in mind men not even friendly to the old pool organizations, wheat, live stock or otherwise, but men who through their own individual effort, rugged individualists as some hon. members might prefer to call them, have made a great success of farming even against the obstacle of poor markets. These men have offered the best they have and have given freely of their time during the past months, especially in the winter season, to see if they could formulate some scheme. They have finally agreed in the three western provinces, where they have the greatest proportion of live stock in this country, upon a

scheme that they believe will be of use in the marketing of their products. These men are actual farmers, men who own and control up to five or six thousand head of cattle. One sheep rancher in British Columbia who at first was opposed to the marketing act because of the misrepresentations he saw in the press and heard from the platform, is now one hundred per cent behind it. This year his marketing of lambs and ewes will be up to 6,000 head.

When I stand here—and I have sat here through weeks of hostility because it cannot be described as anything else—the thing that is foremost in my mind is this great movement among the farmers that cannot be denied, that cannot be stopped, because what the farmer wants more than anything else is a greater pride in his occupation, and the only way in which he will get that is by having more power in the administration of his own business. Nothing will stop him from getting this. What has been the opposition to this measure? The right hon. leader of the opposition (Mr. Mackenzie King) for weeks opposed it and his opposition has been proved to be unwarranted. One of the points on which he laid the greatest emphasis was that there would be a restriction of production. There has been none. Another point he raised was that there was a great fear in his heart that the farmers, if they united and organized themselves, would injure other bodies in the community. They have not shown any evidence of attempting to do that; all they want is to be let alone, to progress quietly, to go forward and organize themselves, so that they may be able to market their products to better advantage.

Then we had the hon. member for West Middlesex (Mr. Elliott), the former Minister of Public Works, and I remember reading an account of some of his speeches early last fall when he ridiculed the number of licences that would have to be issued to license producers from one end of the country to the other, a statement which was very far wide of the mark.

Mr. ELLIOTT: I was just quoting the minister's statement as to the number that might be issued. It is on Hansard.

Mr. WEIR (Melfort): When the measure was in its final stages, the hon. member for Vancouver Centre (Mr. Mackenzie) said that it was only a political measure; that it would never be put into effect, yet it was put into effect a month after he made the statement. The hon. member for South Perth (Mr. Sanderson) at a meeting at Wingham—and I happened to be there that day although I was a little late to attend the meeting—made the statement that the act would never be put into effect although he must have known that it was in effect at the time he made the statement.

Yet in opposition to this great movement among the agriculturists of this country to take advantage of the act to make it possible for them to organize in their own interest, a right which has been given to other bodies in the dominion before, what have we had? Lawyers, chiefly from the cities; people who profess to be farmers and who to a certain extent are farmers but whose chief business is not farming but something other than farming. How many simon pure, bona fide farmers in the House of Commons, whose chief interest is farming, have opposed this measure? Few. The opposition against this great demand or cry on the part of the farmers themselves for this to be made available to them has come chiefly from lawyers from the cities by twisting a word here and a word there especially when they think this will be to their political advantage. To offset that we have applications from farming bodies. One of them is from the dairy industry of Canada which is composed of farmers and those specially interested in the welfare of farmers. They were desirous of coming under the act, but they were not able to organize within the short period that has been at their disposal up to the present time. The reason this vote is being given is to maintain the dairy industry as an entity, to use this sum of money to equalize the dairy industry so that there will not be the damage that is feared by those who are especially interested in the industry by reason of milk being swung from one product to another.

Before I take my seat, I cannot emphasize too strongly the discouragement that it has been to one whose sole interest is in agriculture—and I believe this feeling is shared by every hon. member who is a farmer and close to the heart of agriculture—to see the pitiable and scattered opposition that has been made to this legislation from the time it was first introduced.

Mr. MOTHERWELL: I do not feel that I am guilty of ever having been hostile to this bill or to the farmers organizing themselves thereunder, but under this measure or vote are the farmers organizing themselves? It is the minister that is organizing them under section 9 of the marketing act and that is what I object to; as there is a vast difference. There is nothing I would like better than to hear that the dairy industry in eastern Can-

ada had taken action under the marketing act, because I know they need it and any advantage it contains. I was associated with dairying long before my hon. friend the minister was dry behind the ears, and I intend to remain so. The hon. gentleman I consider has done himself and the marketing act an injustice by his conduct in connection with this vote. There is an element of duplicity about it. I never dreamed that it was for the purpose as set forth by the minister. I thought he was going to go on with these twenty-six marketing schemes that are now under way and to flood the country with voting contests at the same time that the election was on. I said before that that would be unwise; if any schemes were to be voted on, that should be done before the election. But the minister is taking advantage of section 9 of the marketing act to set up schemes himself. I did not hear him say anything about it until now when I asked him about the matter, although he may have said something about it last night in my unavoidable absence. This seems to be a scheme proposed and instituted by himself. I do not know whether the local boards are established yet. Are the local boards or other agencies he is authorized to work through, yet in existence? The minister has authority to instruct the board, that is the central board, to operate this scheme propounded by himself through any local board or other agency that may be appointed; I forget the exact phraseology. Perhaps the minister has the act in front of him, and if he has, I am sure the committee would be enlightened if he would read the section. That is my criticism. I say again that I would be delighted to see the dairymen of eastern Canada organizing under the act in the regular way and of their own volition. But for the minister just before election to say to them: Here is $1,000,000 if you come under this marketing scheme, is neither ethical nor even good politics.

Mr. WEIR (Melfort): My hon. friend is right in stating that I had not mentioned section 9. That section is just for the purpose of an emergency such as this while the dairy industry itself is organizing. The dairy industry has gone a long way in organizing under the Natural Products Marketing Act.

Mr. MOORE (Ontario): Will the minister please read section 9?

Mr. WEIR (Melfort): Section 9 reads:

> Notwithstanding any other provision of this act the minister may, if he is satisfied that the trade and commerce in a natural product is injuriously affected by marketing conditions through the lack of a local board, at any time propose a scheme for the marketing or the regulation of the marketing pursuant to section four of this act of such product in interprovincial and/or export trade, and the governor in council may approve of such scheme and authorize the board to administer such scheme directly or in cooperation with local boards, or through any agency which it may establish. Such scheme shall continue in force until terminated by the governor in council.

While this is in force those interested in the dairy industry are proceeding with their organization, as the hon. member for Melville has suggested.

Mr. YOUNG: At page 3967 of Hansard, the night the bill referred to a moment ago was before the house, I asked the minister this question:

> Mr. Young: In the event of the price of butter declining does the minister contemplate the board having power to order certain farmers to stop making butter and to turn their milk into cheese?
>
> Mr. Weir (Melfort): No; it does not mean that at all. If the dairy industry decided that it was in their interests as a whole, a fund could be set up through a levy on the producers themselves to be used to assist the whole milk producers, if that product were lower in price than other commodities in the industry, so that it would be to their advantage to continue producing the product rather than switching to the manufacture of another article which would force it on the world market and lower the price. A great deal of work has been done in this connection and agreement reached so far as the dairy industry is concerned, but there is still considerable work to be done.

Now I must confess that in the light of the explanation the minister gave us that night I cannot see the difference between the functions outlined for that fund and those outlined for this million dollar vote we are considering to-day. I wish the minister would explain exactly what is the connection or the difference.

Mr. WEIR (Melfort): It is not necessary that there should be either a connection or a difference between what was stated at that time and what has been stated to-day. The hon. member asked for an example of how the industry could be equalized or stabilized, and I gave him the example. I did not state that it was to be operated in conjunction with the item we are now considering, by any means. If the hon. member will re-read what he has read already I think it will be quite clear to him that at that time I was describing a scheme that might be set up by the dairymen, and I stated that the dairymen were considering setting up a scheme but that need not necessarily have anything to do with this item.

Mr. YOUNG: Then this is the position: We have enacted a law permitting the dairymen to make a levy on themselves in order to raise a fund for a certain purpose, and to-day we are voting a million dollars of government money to be used for the same purpose. Am I right in that?

Mr. WEIR (Melfort): For a similar purpose, but not in the event of the other scheme being endorsed.

Mr. YOUNG: The minister has stated that the dairymen have made considerable progress in working out a scheme of this kind, yet he is putting through this vote of a million dollars. If the first scheme is to be carried out, why this vote?

Mr. WEIR (Melfort): This vote is for the purpose of carrying on until the first scheme has been completed, and that will not be done for this season's make of cheese.

Mr. YOUNG: I see; this is not to be repeated another year. The minister contemplates taking this million dollars, or the other fund to be raised in subsequent years in any other way, for the purpose of what he calls stabilizing the dairy industry. He proposes that if the price of butter should get out of line with world prices this fund may be used to encourage farmers to remain in the production of other kinds of dairy products instead of switching to butter?

Mr. WEIR (Melfort): No, only to the extent that there may be danger of the production of butter being such as to put it, for a considerable period of time, on the world market level, and so bring down the price of butter to the world market price.

Mr. YOUNG: In the event of there being a danger that the price of butter will get out of line? I wonder what success the minister has had hitherto in estimating what is going to happen to the market price of butter. Two years ago he and his officers estimated that we were going to have a surplus of butter in Canada. Fearing that the surplus would depress the price below the world level he appealed to those in Canada holding large quantities of butter to export it, to dump it on the world market and pocket the loss, and some of them did so. Then as the season advanced it was found that his estimate was all wrong, that there was no surplus of butter but that we actually had a shortage, and we had to bring back some of the butter we had exported. One year ago his officers went out and announced from the public platform that we were going to have a surplus of ten million pounds of butter in Canada, which would have a depressing effect on the market. But before many weeks passed they had to revise their estimate, and at the end of the season it was found that we had a surplus on the market of only one million pounds. We know what success our government have had in trying to guess what would be the price of wheat; as yet we do not know what it is going to cost this country. We know they cannot estimate what the price of butter is going to be or whether there is going to be too much or too little. It is just possible that under this vote the minister may take that million dollars and use it to bonus butter as against cheese when market conditions might actually require him to bonus cheese as against butter, because it is no more possible to estimate what is going to happen in the cheese market than it is to estimate what is going to happen in the butter market. Is the minister sure as to what branch of the industry he is going to give this fund to? I do not think he can be sure at all.

Now we are launching on a policy of bonusing, and we are going to start bonusing cheese. Have the potato farmers no claim for a bonus? I am told that the potato farmers of Prince Edward Island have been throwing out their potatoes because under the marketing act the government put those potatoes at a price which the public would not pay, so they could not sell their product. I suggest that they have a legitimate claim for a bonus. If we are going to bonus the cheese producers we have a right also to bonus the butter producers, the potato growers and the wheat growers. We will be here to-morrow demanding a bonus on wheat. The fishermen also have a right to a bonus; the producers of pulpwood and all other primary producers in this country have a right to a bonus. So I think we can safely take this as our slogan, that we will have bonuses for everybody or bonuses for nobody. All these schemes the minister has in mind have the same purpose in view; that is, to raise the domestic price above the level of world prices. In that I say he is pursuing a wrong policy and as long as he continues to pursue that policy we are going to have unemployment, we are going to have relief camps and we are going to have trouble of all kinds in this country. One-third of our exportable product is exported. One-fifth of the total wealth produced in Canada is exported. One-fifth of our people depend absolutely on the export market for their living. When you raise domestic prices

above export prices you put that one-fifth of our population in a position where they cannot sell their goods on the export market because it costs so much to produce and to live in Canada.

Mr. HACKETT: Will the hon. member permit a question?

Mr. YOUNG: Yes.

Mr. HACKETT: Why did Great Britain abandon free trade?

Mr. YOUNG: Great Britain abandoned free trade because she was ill advised, and my hon. friend's leader can tell him where that advice came from.

Here is what you are endeavouring to do; You are endeavouring to raise the cost of living in this country to the point where those of the population who depend on the export market will not be able to operate their business at a profit, where they will not be able to stay in business, where they will not be able to buy the products of your domestic industries, and as long as that condition prevails I say you are going to have distress among the primary producers, you are going to have unemployment among the industrial workers and relief camps and all sorts of trouble. I ask the minister to abandon this policy at once and get back to the point where all our prices will be based on the prices of export commodities. Then you will be giving employment to the men in the cities, because then your primary producers will be in a position to employ these men in producing the things they want to buy.

Mr. WEIR (Melfort): If I have a clear understanding of it, what the hon. member has in mind as to what should be done is this: The party of which he is a member, if they are returned to power, will cancel any duty that may exist against butter coming into this country. If they state that they will not cancel the duty against butter coming into Canada then I say they have no choice, if they are assisting the butter industry, but to assist the cheese industry as well. If the hon. member is conscientious in what he states, however, he simply means that if his party is returned to power he will do his utmost, and no doubt his colleagues will support him, to cancel any tariff that may exist against butter coming into this country.

Mr. YOUNG: We are not going to confine our tariff reductions to butter, I can tell my hon. friend; we are going to reduce tariffs all along the line.

Item agreed to.

[Mr. Young.]

SECRETARY OF STATE

Adjustment of war claims: Secretary of State—further amount required, $15,000.

Mr. MACKENZIE (Vancouver): Would the minister explain this item?

Mr. CAHAN: Certain litigation under the direction and control of the Department of Justice is being carried on in reference to reparations claims. The deputy Minister of Justice informs me that in connection with two suits now pending, Rex V. Hatfield and Logan and in re extradition of Hatfield, the sum of $15,000 will be required. This is the further amount required.

Mr. REID: Can claims still be made on the reparations fund?

Mr. CAHAN: There is no reparations fund. All the funds which have been placed at the disposal of parliament have been expended. There is no such thing as a pending reparations fund. This item is in connection with litigation arising out of what are alleged to be illegal payments made some years ago out of the reparations fund.

Item agreed to.

Expenses in connection with printing amendments to the Election Act (governor general's warrant of October 3, 1934), $20,000.

Mr. CASGRAIN: What is this for?

Mr. CAHAN: The chief electoral officer found that the sum of $20,000 was required for the printing and publication of the Dominion Elections Act and the forms issued by him under that act.

Mr. GRAY: Has the minister had a communication from the Dominion Franchise Commissioner regarding the lists mentioned on Friday last?

Mr. CAHAN: Yes, I have had communications with him. If the full lists are to be typewritten and distributed the estimated extra cost would be $120,000. However I had a consultation this morning and I am hoping that in rural districts it may be sufficient to use the printed lists as printed up to April last. The names which have been removed could be obliterated by an ink line, and typewritten additions made. I believe that would be sufficient for rural districts. As a matter of fact for a great number of the rural districts hon. members will receive a new printed list before such a compilation by the registrar could be prepared. We will make every effort to satisfy requirements. The lists are coming in from rural districts, and in the twelve received this morning there are only a few changes in each sheet. Certainly the changes

in lists for rural districts have so far been very few indeed. However we will endeavour to satisfy the requirements of hon. gentlemen; as to how best to do it is still under discussion.

Item agreed to.

To cover cost of machinery and equipment for the public printing bureau, governor general's warrant of November 15, 1934, $200,000.

Mr. YOUNG: Is it the intention of the government to furnish hon. members with printed copies of the final drafts of bills passed at this session?

Mr. CAHAN: That would not come under this appropriation. As a matter of fact as they are passed in this house the bills are printed, and as the revised bills are printed after sanction by the governor general each department of government is in a position to supply copies to those requesting printed bills. I believe in almost every case that is true. If there are any bills, copies of which the hon. member would like to have within the next three weeks, I believe he would secure them if he would request such copies from the respective departments in charge of those bills.

Mr. YOUNG: Not many days ago I was told in the distribution office that these bills would not be printed until the statutes are published some months later. I went to the distribution office only a few days ago and asked for certain bills which had passed, and I was informed that they would not be printed until the statutes are published.

Mr. CAHAN: As a matter of fact I would suppose that the distribution office would have less information about the matter than any other office to which the hon. member could have applied. The distribution office distributes bills only as required in the ordinary course of legislation. I know that the texts of the final draft of bills relating to my own department are printed. I know, as a matter of fact that through the Department of the Secretary of State we supply those bills to departments of government in the United States and England. I have never known the supply to be exhausted. The hon. member must apply however to the proper quarters. If they are bills relating to my department he would simply write the Under Secretary of State, and if applying to the Department of Agriculture he would write the deputy Minister of Agriculture. For their own purposes the different departments procure final prints of the bills as rapidly as possible after they have passed.

Mr. NEILL: I wish to support the hon. member for Weyburn (Mr. Young). A few days ago this question was raised and the Minister of Justice (Mr. Guthrie) told us that we could obtain them from the clerk of the Senate. I ordered some, and found that I would have to pay $2 each for them. I believe there is an act providing for the publication of statutes in which that fee is indicated. I say that when hon members of parliament go to their respective constituencies it surely is their duty and should be their privilege to have the acts which have been passed. People come to us and ask us what has taken place and we are entitled to know, we cannot know unless the bills are printed. They will not be obtainable for five or six weeks, and I say that that is too long. The cost of printing would be very low, because no more than a dozen of them would have to be reprinted.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the item carry?

Mr. NEILL: No. Being Scotch I want to know why I have to pay $2 for a copy of a bill.

The CHAIRMAN (Mr. Smith, Cumberland): Shall the item carry?

Mr. NEILL: No; take a vote on it.

Mr. CASGRAIN: We have not had a satisfactory answer from the minister.

Mr. CAHAN: If the hon. member wishes a certified copy of a bill he will have to pay the clerk of parliaments a certain prescribed fee. But if he is content with a printed copy as issued by the departments to libraries and public bodies he may obtain such copies by spending the price of a postage stamp.

Mr. NEILL: By waiting about six weeks. I phoned the printing office twenty minutes ago and was told that it would be from four to six weeks before such copies would be obtainable.

Mr. CAHAN: Who told you that?

Mr. NEILL: When I go home my constituents are entitled to ask me the meaning of certain acts, and I cannot tell them without going through the tremendous work of following up all the amendments made in this house and in the Senate. All hon. members are in that position, and I say it is a foolish and undignified one.

Mr. CAHAN: To whom did the hon. gentleman apply? Who gave him this answer?

Mr. NEILL: I phoned an official in the printing bureau. I do not know what his name is.

Mr. CAHAN: The hon. gentleman applied to officials of the printing bureau when he should apply to the minister in charge of the department. He cannot obtain that information by telephoning some secretary or minor official.

Mr. NEILL: I will take the minister's advice and apply to the Secretary of State now. When can we expect these things from the printer?

Mr. CAHAN: When the hon. gentleman asks with regard to a particular department. As soon as this house is prorogued and the bills are finally assented to, each department of the government will have prepared for its own use the final prints, which are then available I understand to any member who makes a request for them.

Mr. NEILL: In from four to six weeks. Does the minister not know that there is an election coming on and that we have to go before the people and explain the mass of legislation, 120 bills, that we have passed, and that without them we may have to say, "Well, I do not know because amendments were made to these bills in the Senate and we will not get them for four or five weeks."

Mr. CAHAN: There are some of them, a certain number of private bills, for instance, which I think the hon. gentleman will not need to explain to his constituents, but the public bills are made available at the printing bureau as soon as they are requested by the several departments which have charge of these bills. In my own department they are out within ten days of the close of parliament and are then available, such bills as the Companies Act, the act dealing with copyright, the act dealing with patents, and so on.

Item agreed to.

Miscellaneous—
Emergency grant to the Canadian National Institute for the Blind, $50,000.

Mr. HEAPS: I would like to say a word or two in regard to the action of the government in refusing at this session of parliament to enact legislation giving to the blind people of this country pensions commencing at the age of forty. I feel, Mr. Chairman, that the blind people of this country were led to believe by what this house had done through its committee this year that they would at this session of parliament receive at least certain benefits from pensions which I believe they are entitled to.

First of all we had a resolution before the house, which resolution was referred to a committee of this house, and on that committee members from the government side of the house sat in a majority. That committee reported in favour of some form of pension for the blind at the age of forty and over. When that report came before the house it was very sympathetically received on all sides, and I believe there was the feeling that the blind over the age of forty should receive a pension. When therefore it was announced by the Prime Minister last week that the government was taking no action in this matter I am sure that there was great disappointment on all sides of the house, and nowhere was the disappointment keener than among the blind people of this dominion. The disappointment would not have been so keen had the feeling not been unanimous amongst members of the house, even among the government supporters themselves, that legislation was to be enacted granting pensions to the blind at this session of parliament. That was the feeling that was aroused on two occasions by a unanimous report from the committee on industrial and international relations.

It may perhaps be too late now to ask the government to bring down legislation at this session implementing the recommendations of that committee, but, Mr. Chairman, I cannot help at this time, in the very last hours of this parliament, saying how much I regret and how deeply disappointed I am that the government could not take definite action at this session to give the blind the benefits of a pension which is so long overdue. In most countries blind people are given special consideration. I do not need to say anything about their condition or about the particular difficulties which they are experiencing in these hard times in making a livelihood, but I wonder if we could not have some kind of statement this afternoon from the ministry or at least some assurance given to the blind people from all sides of this house. If the present government has not been able to see its way clear to bring in legislation implementing the report of the committee, my firm hope is that whoever occupies the treasury benches a year from now at least will see that the blind people of this dominion will get the pension which is so long overdue.

Mr. MACKENZIE (Vancouver): As I understand it, this is not in any sense a substitute for a system of pension for the blind. I understand, and perhaps the minister will say whether I am right, that this application was made to the government over a year ago. I saw some suggestions in the press from other organizations that this was more or less in the nature of an alternative, but my understanding is that this organization did press the government very sincerely and very persistently for legislation granting pensions to the blind, which has not been brought down this year.

Mr. RHODES: My hon. friend is quite correct. Representations were made to the government by a deputation consisting of Captain Baker and Lieutenant Myers, speaking on behalf of the Canadian National Institute for the Blind, and my recollection is that it is a year ago or more that the representations were made. This has no reference to annual grants of any kind, nor has it any bearing on the question of pensions. The request was made solely with a view to assisting the institute in a very difficult period, as I explained the other day, to cut down a heavy overdraft which has arisen because of the circumstance that private contributions have in recent years been very much diminished. This is to enable the institute to carry on without curtailment of its work.

Mr. HEAPS: Was any grant made to the institute last year?

Mr. RHODES: No, this is an entirely separate and distinct government grant made for the specific purpose I have mentioned.

Mr. HEAPS: I do not suppose the minister looks on this grant as in any way compensating for lack of recognition of the blind in other directions.

Mr. RHODES: My hon. friend could not have heard my explanation. I said that this item has no bearing on or relation to the question either of other grants or of pensions themselves.

Mr. HEAPS: Suppose this government is in power a year from now, would it then consider more favourably the introduction of a bill dealing with pensions for the blind?

Mr. LAPOINTE: My hon. friend is the one who is blind just now.

Mr. REID: Might I ask if any of this money goes to the federation of the blind?

Mr. RHODES: No, it goes to the Canadian National Institute for the Blind.

Mr. McINTOSH: Has the minister any further statement to make in connection with pensions for the blind?

Mr. RHODES: I have nothing to add to what was stated by the Prime Minister the other day.

Mr. COTNAM: Mr. Chairman, as sponsor of the resolution urging that action be taken at this session to grant pensions to the blind, I am very sorry indeed that the government has not seen fit to take action this session to give these much needed pensions to the blind people of this country. That resolution stood on the order paper during the session of 1934 and was never reached or discussed at that session. The resolution again stood on the order paper all during this session. Various opportunities to discuss this matter have presented themselves and the blind people were led more or less to believe that some action would be taken at this session. Pensions for the blind are being paid in practically every civilized country and all countries in the British empire pay pensions to the blind or provide other goverment assistance. When this resolution was introduced there was no opposition from any quarter of the house and the press of the country was unanimous in its support of the proposal. As far as my information goes there was not a single editorial unfavourable to pensions for the blind.

We have about 8,000 blind people in Canada and had this resolution been adopted and a bill enacted it would have involved an expenditure by this government for the coming year of about $125,000 to $135,000. The total expenditure in the country would have been between $500,000 and $600,000. I contrast this with what has taken place in the United States during the recent session of congress. A federal bill was brought down which will involve an expenditure of about $3,000,000 in providing assistance to the blind. Some 25 or 30 states have blind legislation at the present time and where there is such legislation the federal government proposes to increase the pensions paid to the extent of $15 per month. Where no pensions are being paid the government will provide $15 per month towards the assistance of the blind and the maintenance of blind institutes. In the state of Massachusetts alone there are about 4,500 blind people receiving about $750,000 per annum in pensions. During the last twelve years this governmnet has granted in aid of our 8,000 blind people about $158,000. I think it is a sad commentary upon the people of this country that they have been able to

assist the blind during the last twelve years only to the extent of $158,000. The provinces have contributed something in the neighbourhood of $100,000 to blind institutes. The supplementary estimates contain some large votes for different purposes. During the last five years this government has voted as federal assistance to the unemployed something like $160,000,000. This money was granted to people who have their sight, who have their hands and feet and are able to help themselves and yet we do not seem to be able to find half a million dollars to take care of blind people between the ages of 40 and 70 years. It is a sad commentary upon this House of Commons that we have seen fit to allow this resolution to remain upon the order paper during the session and then at the last moment decide that no action can be taken and that the matter must be shelved until some future date. The blind have suffered a great deal and they are considerably disappointed that something has not been done at this session.

Mr. POULIOT: The hon. member for North Renfrew (Mr. Cotnam) has shown that he is a very able speaker and I am somewhat surprised that he did not continue the debate on the C.C.F. resolution in February, 1933.

Item agreed to.

Unemployment and Social Insurance Act, $2,000,000.

Mr. POULIOT: This does not apply to those who are actually unemployed?

Mr. DONNELLY: I thought the amount to be voted was to be $7,000,000. Is this $2,000,000 just for organization purposes or is it to pay for unemployment insurance?

Mr. RHODES: This represents the amount which it is estimated will be required for the operation of the act during the balance of this fiscal year.

Item agreed to.

To provide for expenses of the comptroller of the treasury's office — further amount required, $80,000.

Mr. POULIOT: I have a strong objection to make to this vote because of the manner in which returns have been made. I asked for returns showing the amounts received under various taxes imposed by this government during 1931, 1932 and 1933 and in half of the cases the necessary information was not available. The comptroller of the treasury's office is no good and I protest against this vote. This office has failed to give the proper information to hon. members and I protest against such a waste of expenditure.

[Mr. Cotnam.]

Mr. MACKENZIE KING: The office of the comptroller of the treasury is comparatively new, having been in existence only for about two years. The appropriation in the main estimates for this office was $1,576,851, an increase of $7,112 over the vote of the previous year. We are now being asked to vote an additional $80,000 and I think the minister should give the committee some explanation of why this additional amount is required. As I recall the comptroller of the treasury took over certain of the functions which formerly belonged to the auditor general.

Mr. BENNETT: No, several of the departmental functions in connection with disbursements.

Mr. MACKENZIE KING: The expenditures in that one branch are getting to be very large.

Mr. BENNETT: It has control over all the disbursements of the country.

Mr. RHODES: This additional amount is due entirely to the anticipated extra expenditure and extra work in connection with the auditing of accounts under the Unemployment and Social Insurance Act and other legislation which has been passed during this session

Mr. POULIOT: Eighty thousand dollars more for red tape is pretty hard to digest.

Mr. TOTZKE: I notice that in both the main and supplementary estimates this item is put under the heading of "Miscellaneous." This is a very important department and it seems to me that we should have the same particulars which are given in connection with other departments.

Mr. RHODES: It is not a separate department, it is a portion of the Department of Finance although that may not be exactly correct. There could be a very marked improvement in the setup of our estimates in general. These things are not very easy to bring about. We have first the civil government estimates and then the estimates of the departments in various subdivisions. It would be much better I think if we could have all the votes of the individual departments kept under departmental headings where they could be shown. It must be remembered, however, that the functions of the comptroller of the treasury have to do with every department of government and possibly that may be the explanation. I will bear in mind what my hon. friend has said.

Item agreed to.

Allowance to the representative of the Department of Finance as a member of the Canadian farm loan board, during tenure, $1,500.

Mr. RHODES: The other night my hon. friend from New Westminster (Mr. Reid) asked for some information with respect to the salary paid to the supervisor for British Columbia. It is $4,500 per annum.

Mr. DONNELLY: In western Canada there are some persons, whether connected directly with the farm loan board or not, who are going about asking farmers whether they want loans or want to have their debts adjusted, and these men are paid so much for every application. Are they paid out of this fund?

Mr. RHODES: My hon. friend may have in mind the officials under the Farmers' Creditors Arrangement Act.

Mr. DONNELLY: I have both in mind. There are men going throughout the country asking farmers whether under the Farmers' Creditors Arrangement Act they want to have their debts adjusted, and assuring them that they may have it done and, under the Farm Loan Act, receive a loan. They are being paid so much for every application. This is the propaganda that is going on. I know of two or three men who are travelling about doing this very thing, and I should like to know whether they are paid under the Farmers' Creditors Arrangement Act or under the Farm Loan Act. This is not provincial.

Mr. RHODES: There is no one in the employ of the farm loan board nor under the Farmers' Creditors Arrangement Act who is authorized to give any such undertaking. No person representing either of these boards has any right whatever to say to any farmer what the hon. gentleman has suggested; all they could do would be to say to the farmer, "If you make application under the Farmers' Creditors Arrangement Act you will be entitled to apply for a loan to the farm loan board." No one, however, has any right to make the statement that a farmer would as a matter of right secure a loan. I have endeavoured to make it clear in the past that the question whether the individual shall receive a loan must depend entirely on the merits and circumstances of each individual case. There are no employees of either department working on commission, and if my hon. friend will give me in confidence the names of the individuals I will inquire by wire immediately to see what activity is taking place there, because the course he suggests is entirely foreign to the proper authorization of either act.

Mr. DONNELLY: I thank the minister for his explanation, because I know of several men who are so working. The Conservative organizer in the last provincial election has been going throughout my constituency and I did not know whether this was his occupation or whether he was doing it for political purposes.

Mr. GRAY: Is the official receiver under the Farmers' Creditors Arrangement Act the representative of the farm loan board under the Farm Loan Act?

Mr. RHODES: No; he has no official contact at all.

Mr. GRAY: In Ontario, at least in the western part, the official receiver is the gentleman who is handling the forms. I cannot say that he is doing as much as the men to whom my hon. friend from Willow Bunch has referred, but certainly he is giving the farmers to understand that they must come to him if they want loans; and as recently as last week I obtained some forms from the official receiver, who stated then that he was the representative of the farm loan board in that district.

Mr. RHODES: There can be no objection to the farm loan board, as a matter of convenience, asking another employee of the government, the official receiver for instance, to keep in his possession and make available to farmers the necessary forms. I can see no objection to that.

Mr. GRAY: I do not object; I asked whether that was being done and the minister replied no.

Mr. RHODES: It was not as far as I know, but I am prepared to accept the hon. gentleman's statement. But I have no hesitation in saying that no one, neither the official receiver nor anyone else, has the right to tell a farmer that he can secure a loan as a matter of right.

Sir EUGENE FISET: Is this representative of the Finance department a permanent official?

Mr. RHODES: He is a permanent official appointed in virtue of an amendment to the act passed this year.

Sir EUGENE FISET: Does not the minister think it is proper to have his name put in while he is given an allowance over and above his salary?

Mr. RHODES: It would be, except for two reasons. The Farm Loan Act as amended provides for alternative officials so that it does not follow of necessity that the same official

will continue in the office. The other reason is this. I prefer not to put his name here at all because he is receiving a salary out of proportion to the services rendered and this is a matter of justice to this official.

Mr. ELLIOTT: How many persons have made compositions under the Farmers' Creditors Arrangement Act and received loans under the Canadian Farm Loan Act?

Mr. RHODES: I have none of that information here but I will make inquiries and endeavour if possible to get it.

Item agreed to.

The Economic Council of Canada Act, 1935, $20,000.

Mr. POULIOT: Has the economic council been appointed, and if so, who are the members?

Mr. RHODES: The members of the council have not yet been named.

Mr. POULIOT: This is a revelation. It was so necessary to have this economic council, this crutch was so necessary for the Prime Minister that he could not get along without it, and yet we have all the social legislation passed without the assistance of the council—most ridiculous, most absurd. If it was so necessary why did they wait so long to appoint the members of the council—and they have not yet appointed them. In their wisdom they have got along without the council; why do they not do the same in the future? All the reform program has been implemented with the exception of one or two matters. This is superfluous; it is pure extravagance, just as ridiculous as the stovepipe letter boxes and all official expenditures made in the same quarter. I hope this vote will be dropped; I will not stand for it at all. I say, it is most ridiculous. What do we need a brain trust for if it has not yet been in action? Twenty thousand dollars is something; a family could live a long time on that sum. This is another red tape official expenditure.

Item agreed to.

To provide hereby, notwithstanding anything contained in The Consolidated Revenue and Audit Act or any other act or law, for payment out of the consolidated revenue fund to the present Canadian minister to France of an annuity at the rate of $3,000, to commence upon his retirement and to continue thereafter at the above rate during his lifetime, $3,000.

Mr. RHODES: I understand that the occasion for passing this appropriation has not arisen, and I therefore move that item 414 be reduced in the sum of $3,000.

[Mr. Rhodes.]

Mr. MACKENZIE KING: Does the minister mean that there is no intention of making a retirement such as is indicated in this item?

Mr. BENNETT: The present incumbent of the position in question was appointed in May, 1911. A change of government took place in September of that year and he was continued in office. He was appointed a minister and he has now reached the age of sixty-seven. The British practice is that ministers retire at sixty. This provision was put into the estimates in order to provide for that contingency. The impaired hearing of the minister makes it impossible for him to function properly and unfortunately that has been the case for some time, but he has not resigned his post and this item is therefore superfluous.

Mr. LAPOINTE: Do I understand that it is not the intention to recall the minister?

Mr. BENNETT: I have nothing to say as to that.

Mr. LAPOINTE: Then I shall have to say a word or two about the matter. This position in Paris is of course different from the others to this extent, that when the present incumbent was appointed, it was merely a commissariat; he was made a commissioner for Canada in France succeeding the late Mr. Fabre who had been there for a very great number of years. Mr. Fabre was the first appointee there and he was kept as representative of Canada until he died. Mr. Roy was appointed—and at the time I was a member of parliament—after the Laurier government then in office found difficulty in getting somebody because the position was not very attractive at that time and meant the absence of the appointee and his family from Canada and their settlement in France. In 1927 or 1928 the office was changed into a legation and he became the first plenipotentiary and minister for Canada in France. Mr. Roy has been there for the past twenty-five years rendering great service to Canada. I desire to read an editorial in the Montreal Star of Thursday, June 27. The writer was obviously under the impression that Mr. Roy was retiring, as I now understand he is not. This is the editorial which reads:

A Good and Faithful Servant

Hon. Philippe Roy, Canadian Minister to France, has without doubt richly earned the leisure and repose which his impending retirement, just announced, will bring to him. But there will be general regret, both in Canada and in France, that the term of his long service is drawing to a close.

To those whose memories carry back to an earlier day, the work which Mr. Roy has done for Canada in France is especially clear. The Canadian commissioner's office, before his day, was a small upstairs affair on a street little known to strangers in Paris, with an almost non-existent staff, with facilities so restricted as to cripple any work it might have hoped to do, either for Canadians abroad or for Canadian business. Mr. Roy changed all that. He moved the Canadian office to the Grand boulevard; he made it a comfortable and spacious place where the "Canadian errant" was made welcome and happy; he "put Canada on the map" of boulevardier consciousness; he was personally the soul of generosity and hospitality and, withal, a shrewd and able business man with Canadian interests always before his mind. How much of the betterment of Franco-Canadian trade was due to Mr. Roy's acumen and to his thorough knowledge of the opportunities for increased business between the two countries, it is, of course, impossible to estimate definitely, but there is no question that his services in this respect have been exceedingly valuable. The splendid Cite Universitaire project was very largely his plan, a contribution to an intellectual and cultural bond between Canada and France that cannot be estimated from blue books or trade returns. Mr. Roy has deserved well of Canada and the thanks of both French—and English—speaking Canadians are due to him.

May I recall his services during the war? Mr. Roy was like a father to all Canadian soldiers. His place, not only his office but his residence, was open to all members of the Canadian forces, and they all knew that as well as I do. He has always enjoyed not only the respect but the esteem and confidence of every public man in France in all spheres of national activity over there, and to think under the circumstances of retiring him compulsorily with a pension of $3,000 when one considers what is being paid by way of superannuation to judges or military men, is humiliating. However, he is not so old; he is only—

Mr. BENNETT: Sixty-seven, two years older than I am.

Mr. LAPOINTE: He is two years older than the Prime Minister, but I am sure my right hon. friend in two years will still be able to fulfil his duties whatever they may be at that time.

Mr. DURANLEAU: They will be the same.

Mr. LAPOINTE: I know Mr. Roy very well; I have always been an intimate friend of his and I know he is still able to fulfil his function, to do his work. His hearing is better now than it was a couple of years ago. I know the government can recall him; a plenipotentiary minister is subject to recall. He has to be persona grata not only to the government that receives him but also of course to the government that sends him to the foreign country. But under the circumstances, especially at this time when the government is at the end of its term of office, just before a general election which may bring into power another government, to send to France a minister representative of that future government does not seem the fair thing to do. Of course nobody knows the future, but if I have a share of influence in the future government of Canada, the man who under such circumstances would go there to replace Mr. Roy would be well advised to buy a round-trip ticket.

Mr. BENNETT: With much that the hon. member for Quebec East (Mr. Lapointe) has said I am heartily in accord. It must have occurred to him that considerations such as those to which he has referred were in the mind of the government of the day, for Mr. Roy has remained in office since August, 1930, notwithstanding the fact that I have believed that at times his physical condition was not such, because of his poor hearing, as would enable him to function as he should like, he has remained there because, as the hon. gentleman has said, he has discharged difficult tasks with success.

I do not think anyone will quarrel with what the hon. gentleman has said, but I can only say that the difficulty has been the question of a pension. In Great Britain the rule is that career ministers and ambassadors retire at sixty. Some time ago we passed an order in council under which we retired those in the civil service who had reached the age of sixty-five. The banks and other institutions in this country adopted a regulation under which they retire their officials at sixty, because of the conditions referred to in the banking and commerce committee last year. No contribution is made by any minister to the superannuation fund, and any sum that is voted comes directly from the taxpayers. It is an extremely difficult thing to justify, and it was with great personal reluctance that this item was inserted in the estimates at all. Apparently I was wrongly informed with regard to the intentions of Mr. Roy; apparently he does not desire to leave his post, although he has attained the age of sixty-seven.

There must be some understanding with respect to all the ministers in the service of this country. My own view is that the English rule is satisfactory, and the provision for pensions in England would not entitle the present incumbent of the office at Paris to the sum here indicated, for he has been a minister for only a very limited time. It

is true that he served from 1911 to 1927-28 as high commissioner, but it was by his own choice that he went to Paris. He preferred that to remaining in Canada, which necessitated leaving his practice in Edmonton for half the year and coming to the Senate. I think that is a well known fact which he himself has stated frequently. So far as the service is concerned it must be known to all members of this house that the only legation in which there was a vacancy when the government came into office, or where a vacancy has occurred since, was at Washington. Sir Herbert Marler, who was appointed to Tokyo by hon. gentlemen opposite, has remained there and no one has suggested that a change of government should result in a change of ministers. I have not looked upon it in that way at all, but there must be times when the public service demands that those who hold office should surrender it.

An hon. MEMBER: Hear, hear.

Mr. BENNETT: Yes, the hon. gentleman is always thinking of the spoils of office; he thinks of them so constantly that he cannot even forget them in his dealings with some of his fellow members. Need I mention that Sir Herbert Marler was appointed by a Liberal administration, but he has continued in office and is discharging his duties to this administration as faithfully as he discharged them to the last administration. I do not look upon a minister as being in quite the position suggested by the hon. gentleman. Far be it from me to suggest that a minister would want to remain in office who found it impossible to function because of his attitude of mind towards the government he was serving, and as conditions are it is difficult to transfer ministers from one point to another; there are so few of them. As I said a moment ago, of necessity there must be an age when men should retire from these posts. In Great Britain that age has been settled at sixty; in this country we have fixed that age as sixty-five, and while it is quite true that technically the civil service regulations do not apply to ministers and sixty-five is not an age for compulsory retirement while seventy is, in experience in the older countries it has been found that the age I have suggested is reasonable.

I know there is not a member of this house who does not realize that those who hold office under those circumstances should not be easily disturbed. But if, as is the case in some of our courts in Canada, men are unable to hear and have to use devices placed upon their desks to enable them to hear what is said, surely it cannot be said that this is a proper discharge of their judicial duties. I find it difficult, I confess, to understand how men continue to sit as judges and to draw the public money under those circumstances. I am not ignorant of the fact a few months ago, at the meeting of the Canadian Bar Association, an eminent judge condemned both the hon. gentleman who has just spoken and this government for endeavours made to amend the Judges Act, and the condemnation against my hon. friend was greater because he succeeded and I did not.

Mr. LAPOINTE: My bill was better advised than the bill of my right hon. friend.

Mr. BENNETT: My hon. friend says his bill was better calculated to serve the immediate purpose than the bill we sponsored. I just put this to the committee: If a man holds himself out as an expert in any branch of human endeavour, and is so employed; if he ceases to be able to give that expert service for which he was employed, certainly he would find great difficulty in a court of law in recovering his salary, stipend or compensation. There is an implied undertaking on the part of those who occupy positions such as these that they are physically fit to discharge their duties. I realize that, for instance, with respect to the office which I hold. I think it must be perfectly clear that a prime minister, whoever he is, must be physically able to discharge his duties; if he is not he should retire. I think the same thing is true with respect to members of the judiciary and others. But in view of the erroneous impression which I had, and in view of the fact that Mr. Roy does not desire to retire, this item should disappear from the estimates. I should like my hon. friend to realize, however, that I regard this as an exceedingly generous provision for one who has held office as a minister for so short a time, and who has made no contribution to the superannuation fund. I could give cases so numerous as to weary the committee of efforts made to secure small pensions, or what might be regarded as adequate pensions, that have failed because of what I have just mentioned.

Now that we have an understanding of the situation I ask the Minister of Finance to withdraw the item from the estimates. I repeat, however, that I do think if the hon. gentleman will consider the matter carefully he will regard this as a much more generous provision than is usually made for those occupying positions similar to that occupied by the gentleman in question. I do not desire to detract in any sense from what my

hon. friend has said as to the services rendered by Mr. Roy in Paris. Apparently, however, I did have an entirely erroneous understanding with regard to his recognition of the limitations imposed upon him, by conditions over which he had no control, to further discharge his duties.

Mr. MACKENZIE KING: The Prime Minister has indicated that he is largely in accord with what the hon. member for Quebec East has said respecting the Hon. Philippe Roy who is at present the minister representing Canada in Paris. I should like to join my hon. friend and the right hon. gentleman in their observations, and to add that I believe it would be impossible to pay too generous a tribute to the services Mr. Roy has rendered Canada during the time he has held public positions in Paris. I do not believe it would be fair to estimate an allowance to which he might be entitled simply by a computation of the time he has been minister. As has been mentioned Mr. Roy has represented Canada in France since May, 1911. That is nearly a quarter of a century, and includes the trying and difficult period of the war. During the whole of that period and indeed ever since he resided in Canada Mr. Roy's home, as is well known, has been an open house to Canadians. Especially during the war, the services of both Mr. Roy and Madame Roy were placed at the disposition not only of this country but also of France in a manner which could not have been excelled.

It is known, too, that Mr. Roy has held an unique position in Paris both as regards what he has done for Canadians who have gone to that city on official missions or otherwise, and with respect to the confidence he has enjoyed with the members of whatever government may have been in office in France. I do not believe any minister, of any government, at any time, has shared to a fuller degree the confidence of the government to which he has been accredited than has the Hon. Philippe Roy in Paris. I would say, too, that confidence has been enjoyed in equal measure by different British ambassadors who have been resident in Paris. As is known, our country along with other countries has membership in the league of nations, and the minister at Paris has exceptional knowledge of many of the matters which have come before and which pertain to that body. In fact, to some degree he has been the one Canadian minister dealing with European affairs. I do believe that when the time comes to arrange his retiring allowance the government having to do therewith should feel more than justified in considering the entire time Mr. Roy has served in Paris in a representative capacity as being equal to that which it would have been had he been a minister from the beginning.

Inasmuch as the Prime Minister has referred to the subject I should like to say that I believe both he and I are in entire agreement as to the time having come when, with respect to the diplomatic service of Canada, there should be some act of parliament governing the service, which would set out specifically the constributions if any to be made by those who are members of the service, on what basis retirement may be effected, and in what amounts retirement allowances should be granted. If the government had seen fit to bring in a measure of that kind we might well have discussed it, and possibly could have agreed upon it, and have taken action under it. I believe, however, that a measure of the kind might more properly be brought in at the beginning of a new parliament rather than at the close of an old one. I mention the subject at this time, however, so that no matter what the complexion of the new parliament may be there may come from this House of Commons an expression indicating that we do believe—and I believe I may make this observation for hon. members in all sections of the chamber—that if we are to continue to have a diplomatic service the whole service should be regularized as to appointments thereto and retirements therefrom in a manner similar to that followed in the British and other diplomatic services.

I must confess to some degree of relief and satisfaction at what I understood the Prime Minister to say, namely, that there was no intention to retire Mr. Roy at this time.

Mr. BENNETT: I did not mention that at all.

Mr. MACKENZIE KING: My right hon. friend did not mention it? Well, I am glad there is opportunity to avoid misunderstanding about it, because what I am about to say should I believe be said at this time. The diplomatic service is somewhat different from other branches of the public service. I have heard my right hon. friend say—he said it expressly in connection with the London appointment—that in making an appointment to that position no government should be expected necessarily to retain the appointee of a previous administration, and that there should at least be an opportunity to a new administration of making an appointment of some one who would be persona grata to itself. That I believe was a perfectly sound point of view.

Mr. BENNETT: That was limited to political appointments, and did not apply to diplomatic appointments.

Mr. MACKENZIE KING: May I say that what my right hon. friend is contending for may be perfectly sound where diplomatic appointments are made under civil service requirements and in accordance with civil service rules. But I believe the circumstances are entirely different where an appointment is being made to the diplomatic service, of any person who has not up to the time of such appointment been in the diplomatic service, and where such appointment is not in the nature of a promotion within that service.

May I be concrete in my observations and for the moment assume conditions which may or may not arise. In the event of the Liberal party being returned to office I for one would feel that it would mean very much to the government of the day to have the Hon. Philippe Roy in the position of minister at Paris, even if his services were to be retained there for only a short time. He is more familiar than any other person could possibly be with the many matters about which an administration would wish to have full knowledge. He is familiar, for example with all that up to the present has been done in connection with the negotiation of trade agreements. He is familiar, too, with the personnel of, and enjoys the confidence of, members of past and present French governments, and particularly of persons whom a new administration might wish to meet or consult. For these reasons and many others he would, for a new administration, fill the position more effectively than any other person could possibly fill it. Assuming that Mr. Roy is to be retired at some time, however soon or late, I submit that it should not be until after a new parliament has come into being. At that time whatever administration may be in office could indicate its wishes and have them carried out as might be considered necessary. I would certainly feel, however, that if between now and that time an appointment were made to the position of minister in Paris of a person who did not enjoy to the same degree the confidence of a new administration that Mr. Roy has enjoyed, no obligation should or would rest upon a new ministry to retain the services of such person.

I have thought it well to make these observations so that there may be no misunderstanding or possibility of hard feeling in connection with anything which may or may not take place. From what has been said this afternoon I hope it will be sufficiently clear that Mr. Roy is continuing in office to meet whatever fate may come to him sooner or later, and that the decision, whether sooner or later, which is to determine that fate will not be made until the people have spoken and have indicated the administration they wish to have in office during the next few years.

Mr. BENNETT: I must make one further observation. Frequently I have endeavoured to make it clear that in my judgment the position of high commissioner in London is entirely different from that of a diplomatic representative of Canada. One is surely a representative of the government and the other a representative of the Sovereign. The diplomatic representatives who serve us at Tokyo, Paris and other centres are not necessarily representatives of the government, in the narrow political sense. I have acted upon that. If the doctrine suggested had been acted upon we would have retired Sir Herbert Marler from Tokyo and Mr. Roy from Paris shortly after we took office. That has not been done. They have continued in their positions because they were representatives not of a government, but of the country and the King. So long as they continued to discharge their duties in a manner acceptable to the government their former political faith we believed should not be the governing factor in connection with their retention in office. We have acted upon that principle. I will admit that the right hon. gentleman opposite probably would not have done it under similar circumstances.

Mr. MACKENZIE KING: My right hon. friend should not say that. It is not fair.

Mr. BENNETT: In view of what he said. Here we had Sir Herbert Marler, a former member of his administration. Just think what that means. Here was a former member of the Liberal administration appointed to Tokyo, and yet we have not asked him to retire. Here was a former Liberal senator, a well known and a very pronounced Liberal, very strong in his convictions and in the expression of his opinions, and yet no effort was made to retire him.

In the case of the high commissioner at London I think that the position can be put very simply. He under statute is a political officer. The statute itself indicates that he is a representative of the government, and as I indicated, in the very nature of things he is more closely in touch with the government and with their policies and views than any man who occupies a purely diplomatic post. He has under the statute to deal with so many

matters that it is quite clear that that is so. It is an old story now but we certainly did inform Mr. Massey that we thought he should retire from the post to which he had been appointed in the closing days of the former administration, and he did retire accordingly. I think on second thought most men would realize that that was a sound position. I feel perfectly certain that the present high commissioner in London in the event of a change in government will regard it as his duty to retire at once, and I feel equally certain that whether he did or not he would be retired.

Mr. MACKENZIE KING: I understood he had his passage taken already.

Mr. BENNETT: I know that the right hon. gentleman has sources of information that I have not, but I have no such information as would lead me to any such conclusion. He usually comes to this country for his vacation, but he has not even yet applied for leave for his vacation. He usually takes it, if my memory serves me, in August or September, but as I say he has not even yet applied for leave.

I make clear the distinction between the diplomatic position that a minister who serves his country occupies and the position of high commissioner. It never has been the case in England that a minister is retired because there has been a change of government, so far as I have been able to ascertain. If the minister is thought not to be the best available appointment for a particular position he is transferred to another post and somebody else takes his place. That is my information from inquiries.

There is just one thing I do want to say, and it is this: It is not necessary to introduce a statute as the matter stands at present with respect to ministers. I suppose the right hon. gentleman did give some attention to it himself. The fact is that the regulations which are issued in Great Britain with respect to ministers and ambassadors are promulgated by order in council because they are the expression of the terms under which the sovereign's representative discharges his functions in foreign countries. I would put it this way. We had intended to promulgate such regulations and had prepared them accordingly, but in view of the fact that we had but three ministers and that we had passed the general regulations respecting our civil service we did not desire to seem to be endeavouring to press unduly, shall I say, the views which we held as to the desirability of the general terms of the British regulations applying to our own country. The matter rests there. If the minister does not desire to relinquish his post under the circumstances to which I have alluded, that is a matter for him to consider. I do not think it is necessary to suggest that if anyone is appointed the practice which we have pursued would not be followed by hon. gentlemen opposite. We know their attitude of mind would not be quite ours with respect to that matter. We are perfectly certain that if we were to appoint anybody as minister he would be removed as quickly as possible.

Mr. LAPOINTE: I do not like to enter into a controversy with my right hon. friend as to the status of the ministers representing Canada in foreign countries. He states that those who are diplomatic agents are in a different position from the high commissioner, and seems to suggest that it is not necessary that they should represent their government to the same extent as the high commissioner. Well, the ministers, like the ambassadors, are appointed by a commission under the great seal. They are not ordinary public servants. They are envoys, they are plenipotentiaries, sent to represent their country in a foreign country, and they are subject to recall at any time. I took the trouble to say that my right hon. friend might have done it. They are ambassadors, they are plenipotentiaries, and the country that sends them surely can recall them at any time. Their country is forced to recall them and to issue what is called letters of recall when the country to which they are accredited desires that they be recalled.

Mr. BENNETT: That is very seldom done. There has been only one case on the American continent.

Mr. LAPOINTE: So far as being forced to recall them, that is very seldom done, but in the diplomatic service of any country which has a large number of ministers they are being recalled all the time. As a matter of fact, France since the opening of its legation here has had three ministers within seven years. Mr. Knight was recalled and was replace by Mr. Arsène Henry; Mr. Henry was recalled and was replaced by the present minister. Of course, the case is different with Canada because we have only three ministers, but the doctrine is the same. They are, under international law and practice, envoys, and may be recalled at any time; there is no doubt about that.

My right hon. friend has boasted of the generosity of his government in keeping Mr. Roy in office, an old former Liberal senator. Well, Mr. Roy was senator before 1911; when my right hon. friend took office Mr. Roy had been working for Canada for twenty years

in a foreign country, and I think everybody will agree with me that there was no party politics on his part in receiving Canadians while there. He has been working for Canada all the time. Surely his case is a little different from that of a gentleman who might be appointed on the eve of a general election just to find a position for him. So far as Sir Herbert Marler is concerned I must say that I do not know whether my right hon. friend could have easily found a Canadian to go as minister to Japan. When the position was created it was very hard to find anyone to go to that country and I think Sir Herbert Marler went there from a sense of duty to his country. He sacrificed himself and he has done so well that my right hon. friend has given him something which we would not have given him, a title. The conditions are not identical with those which would surround the appointment of a minister to France to replace the present minister on the eve of a general election. I agree with my right hon. friend that the minister represents the king but he also represents the government. The king appoints the minister upon the recommendation of the government and he negotiates for the government and represents the government in everything concerning the public business of his country in the foreign country to which he is accredited. I do not want to add anything to what I have said but I am sure that my right hon. friend will not make any change under the present circumstances.

Amendment agreed to.

To provide, notwithstanding the terms of the Civil Service Act or any other act or law, for payment of honoraria to members of the public service—subject to allocation by the treasury board, $10,000.

Mr. BENNETT: The Minister of Finance (Mr. Rhodes) whose department is most affected by this item prefers that I should make the observations which he would desire to make. There are men in various departments of the public service who have rendered extra services to the country. Upon a former occasion the late Mr. Robb asked for an appropriation of a similar amount to provide for similar payments. In many cases these men have assumed the functions of deputies. Take the case of one gentleman who will be covered by this vote, Mr. Pearson. Mr. Pearson is on the verge of a complete breakdown because of the extra work he did in connection with the price spreads commission. He worked many nights and sometimes well into the next day. This amount is to take care of such cases and the principle was adopted by the late Mr. Robb in dealing with exceptional conditions which arose in connection with public business.

Mr. MACKENZIE KING: I do not intend to take exception to what the Prime Minister (Mr. Bennett) has said but I do think it is desirable that wherever possible the name of the person should be specified.

Mr. BENNETT: Mr. Robb did not mention names in his estimates.

Mr. MACKENZIE KING: Whether that was not done formerly or whether it is not being done at the present time, I think it would create a better feeling in the service generally to give full particulars of these special recommendations. In the case mentioned by the Prime Minister, I agree and I think every hon. member will agree that Mr. Pearson performed services which it would have been extremely difficult to have obtained otherwise. The mention of Mr. Pearson's name would not have made it less easy for the item to be passed and I think it might have helped to avoid some of the feeling which is certain to arise among other members of the service where names are not specified and a general power is given.

Item agreed to.

TRADE AND COMMERCE

National research council—further amount required, $100,000.

Mr. MACKENZIE KING: The main estimates contained a vote of something like $400,000 for the national research council and I should like to know what has made necessary an additional amount of $100,000 within the time which has elapsed since the main estimates were before the house.

Mr. HANSON (York-Sunbury): I shall be glad to give the committee full information. As the right hon. gentleman has stated, vote No. 284 in the main estimates provided an amount of $400,000 which is necessary for existing activities but which does not permit the council effectively to discharge the duties and responsibilities assigned to it. The supplementary estimate is required for four different matters.

First, it is to provide for pressing new activities. These include the transfer to the national research council of the testing laboratories of the Hydro Electric Commission of Ontario; the investigation of problems of the building and construction industry, including research on building materials; the organization of a cooperative investigation in the field of aquiculture, limnobiology, and fresh water biology; the coordination of work on the

extremely important problem of silicosis; and to provide for any additional new problems which may arise or which may be assigned to the council by the government.

The laboratories of the Hydro Electric Power Commission of Ontario at present fix safety standards and test electrical equipment offered for sale in Canada, and their test is accepted by the fire underwriters. There is no such laboratory in any other province, at present the manufacturers depending largely on the underwriters laboratories in the United States. It is extremely undesirable that each province should establish its own laboratory, as this would mean duplication of equipment and operating expense and would inevitably lead to a multiplicity of provincial standards governing the manufacture of electrical equipment, with increased cost to the consumer. The national research council has consequently established a national laboratory for the testing of such equipment for all of the provinces except Ontario, which has its own laboratory. It is now proposed that the national research laboratories should serve the entire dominion in this matter, and although the attorney general of Ontario was at first opposed on the ground of provincial rights, he has changed his view and the way is now clear to transfer these provincial laboratories to the control of the national research council. It is considered expedient that prompt action should be taken in this matter.

The construction industry is the third largest in Canada, but only meagre scientific data are available regarding materials and practices used in construction in the dominion. Further, the use by architects and contractors of information secured from foreign laboratories adversely affects the use of Canadian materials. Considerable sums have been provided by the British government for research in this field and much of this valuable information might be made applicable to Canadian conditions at comparatively small expense. There is also great need for definite information regarding Canadian building materials. The Canadian Construction Association, the Royal Architectural Institute, the Canadian Hospital Council and the Canadian Manufacturers Association have all urged that the national research council undertake work in this field. The council is convinced that both the industry and the public would benefit greatly by such work and that the expenditure would be extremely small compared to the benefits to be derived. This work is extremely important at a time when Canada is planning considerable expenditure on a housing plan.

Second, this vote is to provide grants in aid of research and also to provide for applications received during the coming year. During the four years, 1928 to 1932, the average annual expenditure of the national research council on grants in aid of research in laboratories throughout Canada totalled approximately $140,000. Owing to increased commitments in connection with the establishment of the national research laboratories, combined with a reduced appropriation, the council was able to allocate only $5,000 for this purpose this year, from its existing appropriation. It is therefore considered essential that this small additional amount be provided in order that the council may in some measure discharge its obligation to stimulate research work throughout Canada.

Third, it is to provide for general administration, including increased amounts required for the operation of the laboratories and publication, also for travelling expenses of council members, staff and members of associate committees with the object of coordinating and directing research work on main cooperative projects. For the purpose of coordinating and directing cooperative investigations on major research problems the national research council has in active operation more than twenty-five associate committees with a total membership of several hundred eminent scientists and business men, who are serving without remuneration in directing and carrying on this work. It is necessary that these committees should meet at reasonable intervals to report and discuss past work and future activities. The council has been able to provide for this purpose only $2,400 from its existing appropriation. It is clear that these committees cannot function efficiently unless this appropriation is increased.

It has been necessary for the appropriations for the operation of the national research laboratories to be reduced below the amount provided last year by $3,500, and it is considered essential that this allotment be increased in the interest of efficient operation.

It is also necessary that the allotment for the publication of the Canadian Journal of Research be increased to provide for the publication of the results of researches undertaken in the national research laboratories and in other Canadian laboratories. It is essential that the results of the researches carried on should be made available by publication.

Fourth, the vote is to provide equipment urgently required by the national research laboratories. More than $185,000 actually

voted by parliament for equipment in the national research laboratories remained unexpended at the end of the year 1932-33. This equipment was urgently required but it was considered necessary to effect this saving, owing to the serious financial situation then existing. However, it was understood that necessary equipment would be provided in instalments from year to year, and in fulfilment of this understanding the sum of $25,000 was voted in 1933-34 and $30,000 in 1934-35. Therefore, of the amount voted by parliament in 1932-33 for equipment in the national research laboratories, there remains unexpended, at the present time, more than $133,000. They take the view that this amount has been standing to their credit, and they are asking to have a portion voted this year.

Mr. MACKENZIE KING: Does the minister think that the financial situation has improved since 1932?

Mr. HANSON (York-Sunbury): I certainly do. The national research council requests that part of these unexpended moneys previously provided by parliament for this purpose be voted this year to provide equipment urgently required in order effectively to carry on the work of the council. A detailed statement of equipment required by the council can be given if desired. The vote requested will be used for the purchase and installation of equipment listed and also such other equipment as may be necessary for the effective prosecution of new projects undertaken by the council.

Item agreed to.

Governor General's Warrants, 1934-35

Expenses of the royal commission on price spreads and mass buying (governor general's warrants of July 30, November 3, and December 19, 1934), $155,000.

Mr. MACKENZIE (Vancouver): What was the total cost of this investigation?

Mr. HANSON (York-Sunbury): The hon. gentleman will recall that part of it was under a committee of the house last year and part of it under a royal commission. The actual cost of the two was in the vicinity of $475,000 plus some printing, the actual amount of which I have never been able to get. I do not know that my department is specifically responsible for checking the matter because it did not come through us. The first part was entirely a House of Commons matter and was in last year's vote, but my understanding is that the actual cost of the whole, including the printing, which of course is under the printing bureau, was about $475,000. It may be a little more or a little less.

Mr. MACKENZIE KING: A half million, in round figures.

Mr. HANSON (York-Sunbury): A little less.

Mr. FACTOR: There was a rumour among the commissioners—I could never trace it—that the government succeeded in collecting arrears of taxes from certain corporations. Will the minister make a statement in that regard?

Mr. HANSON (York-Sunbury): We do not generally deal in rumours, but I have it on good authority that as the result of the activities of the commission there was turned into the coffers of the country a very large sum of money.

Mr. SPENCER: Large enough to pay all the expenses of the commission?

Mr. HANSON (York-Sunbury): It is a matter of rumour; the money was not paid to me, so I do not know.

Mr. SANDERSON: I believe this question was asked the Minister of Finance not long ago and he said there was not.

Mr. GOLDING: I asked the Minister of National Revenue that question on March 12, 1935. The question and answer were as follows:

Mr. Golding: Have any sums been collected by the income tax departments as a result of revelations before the price spreads and mass buying commission, and if so what is the amount?

Mr. Matthews: I am informed that the answer is no; no amount has been collected.

Mr. MANION: That is four months ago.

Mr. GOLDING: If any sum has been collected the committee ought to have that information. This investigation has cost the country a lot of money and I would call the attention of the house to the fact that when the hon. member for Assiniboia (Mr. McKenzie) proposed a resolution asking for an investigation into the spread between the price received by producers and the price paid by consumers for certain goods and agricultural commodities—that resolution was

brought in on February 6, 1933—he suggested that the investigation be made through the research council. In view of the enormous expense in connection with this affair, I think that was a very wise suggestion; and had it been acted on the same information could have been obtained at a fraction of the cost. Hon. gentlemen should pay some attention to the statements that have been made in regard to the questions that were answered. Take some of the witnesses who were brought here. It is interesting to take the report of the proceedings and read the evidence given by these witnesses, and then to reflect upon the expense involved in bringing them here. We find that one witness coming from the west and giving evidence was paid—this was part of one day—$149.15, and it would not have required more than a three cent postage stamp to secure from him all the information he gave. About all he did in a constructive way was to recommend that we should have a policy of inflation, and that is what we have had to a certain extent. Another witness brought down cost $150 or a little over, and the only constructive suggestions he offered were these two: first, that the farmer should not sell any of his products on the farm, and secondly, that we ought to have hogs graded on the rail, which has been in effect for some time, in Ontario at any rate, where it is optional. I should like this same gentleman to go to the farmers of Ontario and tell them they should not sell anything on their farms; I fancy he would not get a very good reception. But the point is that that evidence cost over $150, whereas all that was needed was a three cent postage stamp—and you would not have needed that.

I do not think the price spreads commission finished their work at all, because in my opinion they should have investigated some of the prices in connection with the commission itself. This was a price spreads investigating commission, and we have Mr. Sommerville receiving $150 a day and $15 expenses, and Mr. Parry receiving $35 a day and $15 expenses. I think they should have had an investigation there to find out the reason for this spread between these two prices. Further, Mr. Sommerville was paid for 196 days while the committee and the commission sat for only 124 days; in other words, he was paid for 72 days when neither the committee nor the commission was sitting at all.

Mr. SANDERSON: Including Sundays?

Mr. GOLDING: No; I checked that. I asked some questions in regard to this matter. The first was:

> How many days did Norman Sommerville, K.C., act as counsel for the committee and royal commission on price spreads and mass buying?

The answer was this:

> Mr. Norman Sommerville, K.C., acted as counsel for the committee and the royal commission on price spreads and mass buying for 196 days; 124 days of this period were spent in actually attending public sessions of the committee and the commission, while the balance of 72 days was devoted to interviewing witnesses—

Mark you!

> —consultations with auditors, investigators, and in preparing the evidence to be adduced before the committee or commission.

The second question was:

> What was his remuneration per day?

The answer was:

> Mr. Sommerville's remuneration was $150 per day for the above period. This rate of remuneration was authorized by the committee and later confirmed by the commission. During the summer Mr. Sommerville—

Listen to this.

> —devoted a considerable amount of time to the gathering and preparation of evidence for submission to the commission, to consultations with auditors and investigators, and to interviewing of witnesses, but for this work no account was submitted and no remuneration paid.

The answer to the first question told us that for those seventy-two days when neither the committee nor the commission was sitting, he was paid, and it gave what he was doing during that time, namely, interviewing witnesses and having consultations with auditors and investigators. In the answer to the next question we are told that he was doing that during the summer and was not paid at all for that work.

Mr. HACKETT: Was that not in addition?

Mr. GOLDING: I can quite understand that may be the interpretation of the answer, but I was under the impression that this was an investigation, not a prosecution; and what I and the country would like to know is why those witnesses were approached, interviewed and no doubt consulted and prompted before they came before the committee or the commission.

An hon. MEMBER: Be careful.

Mr. GOLDING: I have not any doubt that is what happened. My opinion—and I think this is the opinion of the people generally—is that those witnesses should have come before the committee or commission without any interference whatsoever and given their evidence. Furthermore, we find a list of witnesses that were paid and a large number of witnesses that were not paid at all. If this was an investigation and the whole object was to ascertain the facts and the truth of the situation, one witness ought to be paid just as well as another; I think that is a fair submission. We have the spread between the fees Mr. Parry and Mr. Sommerville were paid. I would like to ask the minister this: What did the firm of auditors, Clarkson, Gordon, Dilworth, Guilfoyle and Nash put in for the services of their auditors per individual per day? That is the first question.

Mr. HANSON (York-Sunbury): Without questioning the hon. gentleman's right to discuss this matter at all under this vote—

Mr. BROWN: Why mention it?

Mr. HANSON (York-Sunbury): If the hon. gentleman will allow me to continue, perhaps I can make the position clear; I do not know that it calls for any interruption at all. I would like to point out to the hon. gentleman and the committee that the expenditures of the house committee and of the royal commission were not under the control of any department of government, and the information, if it is necessary, ought to be sought from the committee or the royal commission itself. We had no control over the amount paid to witnesses or to counsel—

Mr. MACKENZIE (Vancouver): No?

Mr. HANSON (York-Sunbury): Well, the auditor general may have had some control, but I understand that in every case the committee voted the money; it was our duty to pay it and it was paid. So far as I am concerned, as minister of this department, I assume no responsibility for what the committee did in the way of expenditures. The house voted the money and it is a responsibility of every member of the house just as much as it is of the government. As regards the amount paid to the auditors, which of course was very large, I do not know how the amount was distributed to any particular individual. That is not the way in which these services are charged for by an auditing firm. They do a job and charge a sum. No doubt the items for the auditors' work came before the committee; the committee must have thought they were satisfactory because my understanding is that the committee unanimously voted to pay these bills.

Mr. MACKENZIE (Vancouver): The question is not whether the committee did so; the point is that we are entitled to receive the information and the minister can get it from the auditor general who must have audited all these vouchers and receipts. Surely when an hon. member asks for information, he is entitled to receive it.

Mr. HANSON (York-Sunbury): If I had had any notice that this matter was coming up—

Mr. CASGRAIN: Get the information to-morrow.

Mr. HANSON (York-Sunbury): I shall be glad to get whatever information is available, but as a matter of fact the Department of Trade and Commerce had no responsibility for the expenditure.

Mr. MACKENZIE (Vancouver): I quite appreciate that, but the House of Commons is entitled to the information.

Mr. FACTOR: May I as a member of the committee say that we were never consulted about the auditors' bills. The amount of the counsel fee was fixed by the committee and the commission, but the fees of the auditors were never submitted to the committee or the commission. I do not know yet how they were fixed.

Mr. BENNETT: The accounts were rendered to the committee and the commission and certified, and the auditor general paid them.

Mr. FACTOR: They were never submitted to the committee or commission for approval.

Mr. GOLDING: I want to thank the minister because I think he is fair. He has not the information.

Mr. CASGRAIN: Will the minister bring the information to-morrow?

Progress reported.

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

Thursday, July 4, 1935

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

POST OFFICE STATISTICS

Mr. TETREAULT:

How many post offices were (a) closed; (b) opened, and (c) locations changed, in each province, and in each county from December, 1921, to August, 1930?

Mr. SAUVE:

Answers to (a), (b) and (c) in so far as provinces are concerned:

	(a) Offices closed	(b) Offices opened	(c) Change in site
Prince Edward Island	8	1	2
Nova Scotia	156	87	56
New Brunswick	180	114	28
Quebec	193	411	55
Ontario	317	344	9
Manitoba	94	108	7
Saskatchewan	211	232	17
Alberta	226	245	10
British Columbia	131	195	3
Northwest Territories	1	13	—
Yukon	4	4	—
Total	1,521	1,754	187
Prince Edward Island			
Kings	–	–	–
Prince	4	1	2
Queens	4	–	–
Nova Scotia			
Antigonish-Guysborough	11	14	12
Cape Breton North-Victoria	8	6	18
Cape Breton South	2	3	—
Colchester	25	1	1
Cumberland	21	2	1
Digby-Annapolis	9	4	2
Halifax	10	5	3
Hants-Kings	17	8	1
Inverness	16	12	10
Pictou	7	1	—
Queens-Lunenburg	3	9	6
Richmond-West Cape Breton	6	5	2
Shelburne and Queens	10	3	—
Shelburne-Yarmouth	2	3	—
South Cape Breton and Richmond	7	6	—
Yarmouth and Clare	2	5	—
New Brunswick			
Charlotte	4	2	1
Gloucester	1	22	9
Kent	4	18	–
Northumberland	9	16	2

REVISED EDITION

New Brunswick—Concluded

	(a) Offices closed	(b) Offices opened	(c) Change in site
Restigouche-Madawaska	4	18	1
Royal	64	9	7
St. John-Albert	21	7	–
Victoria-Carleton	32	6	1
Westmorland	23	13	6
York-Sunbury	18	3	1

Quebec

Argenteuil	3	2	1
Bagot	—	—	1
Beauce	10	4	1
Beauharnois	—	1	—
Bellechase	6	7	1
Berthier-Maskinongé	9	2	—
Bonaventure	2	19	10
Brome-Missisquoi	—	1	—
Cartier	—	—	—
Chambly-Verchères	3	2	—
Champlain	3	5	1
Charlevoix-Montmorency	1	4	—
Charlevoix-Saguenay	12	16	1
Châteauguay-Huntingdon	—	2	—
Chicoutimi	8	15	2
Compton	7	1	—
Dorchester	4	6	4
Drummond-Arthabaska	1	3	1
Gaspé	1	31	6
George Etienne Cartier	1	1	—
Hochelaga	4	10	—
Hull	9	5	—
Jacques Cartier	7	14	—
Joliette	1	1	—
Kamouraska	2	4	2
Labelle	14	11	—
Lake St. John	4	4	—
Laprairie-Napierville	1	3	—
L'Assomption-Montcalm	3	6	2
Laurier-Outremont	1	3	—
Laval-Two Mountains	1	2	1
Lévis	—	—	1
L'Islet	7	12	—
Lotbinière	—	5	1
Maisonneuve	4	10	1
Matane	2	22	2
Mégantic	2	5	1
Montmagny	6	5	1
Mount Royal	2	6	—
Nicolet	2	—	—
Pontiac	13	34	1
Portneuf	5	12	2
Quebec	—	4	—
Quebec-Montmorency	—	1	—
Quebec East	1	4	—
Quebec South	–	1	–
Quebec West	–	5	2

Quebec—Concluded

	(a) Offices closed	(b) Offices opened	(c) Change in site
Richelieu	–	–	–
Richmond-Wolfe	5	5	–
Rimouski	–	5	1
Ste. Ann	3	4	–
St. Antoine	–	1	–
St. Denis	–	14	–
St. Henri	1	–	–
St. Hyacinthe-Rouville	1	1	1
St. James	–	5	–
St. Johns-Iberville	–	2	–
St. Lawrence-St. George	1	4	–
St. Marys	–	2	–
Shefford	1	–	2
Sherbrooke	2	5	–
Stanstead	1	2	–
Témiscouata	1	17	4
Terrebonne	4	8	–
Three Rivers-St. Maurice	–	6	1
Vaudreuil-Soulanges	2	1	–
Wright	9	18	–
Yamaska	–	–	–

Ontario

Algoma East	21	21	1
Algoma West	14	11	–
Brant	–	–	–
Brantford City	3	–	–
Bruce North	1	–	–
Bruce South	3	–	–
Carleton	4	6	–
Dufferin-Simcoe	–	1	–
Dundas	1	–	–
Durham	1	–	–
Elgin West	1	–	–
Essex East	1	2	–
Essex North	1	4	–
Essex South	–	–	–
Essex West	–	5	–
Fort William	9	16	–
Frontenac-Addington	8	3	–
Glengarry	2	–	–
Grenville-Dundas	1	1	–
Grey North	5	–	–
Grey Southeast	3	–	
Haldimand	1	–	–
Halton	1	–	–
Hamilton East	1	1	–
Hamilton West	—	1	—
Hastings East	1	1	—
Hastings-Peterborough	10	3	—
Hastings South	2	—	—
Hastings West	2	3	—
Huron North	—	—	—
Huron South	2	—	—
Kenora-Rainy River	5	10	—
Kent	1	1	—

Ontario—Continued

	(a) Offices closed	(b) Offices opened	(c) Change in site
Kingston City	—	—	—
Lambton East	—	—	—
Lambton West	1	1	—
Lanark	9	—	—
Leeds	5	1	—
Lincoln	1	2	—
London	1	—	—
Middlesex East	—	1	—
Middlesex West	—	1	—
Muskoka-Ontario	15	10	2
Nipissing	13	20	1
Norfolk-Elgin	6	1	—
Northumberland	3	—	—
Ontario	2	1	—
Ottawa	1	10	1
Oxford North	—	—	—
Oxford South	—	—	—
Parkdale	1	7	—
Parry Sound	27	17	—
Peel	2	4	—
Perth North	2	1	—
Perth South	—	1	—
Peterborough East	3	—	—
Peterborough West	6	8	—
Port Arthur and Kenora	3	13	—
Port Arthur-Thunder Bay	7	10	—
Prescott	4	1	—
Prince Edward-Lennox	3	—	—
Renfrew North	4	1	—
Renfrew South	7	2	1
Russell	8	3	—
Simcoe East	4	1	—
Simcoe North	7	1	—
Simcoe South	—	1	—
Stormont	—	—	—
Timiskaming	3	17	—
Timiskaming North	5	25	—
Timiskaming South	8	9	1
Toronto Centre	—	3	—
Toronto East	4	6	2
Toronto East Centre	1	1	—
Toronto-High Park	2	3	—
Toronto North	—	6	—
Toronto Northeast	—	5	—
Toronto Northwest	1	1	—
Toronto-Scarborough	—	—	—
Toronto South	4	2	—
Toronto West	2	5	—
Toronto West Centre	2	2	—
Victoria	6	2	—
Waterloo North	—	—	—
Waterloo South	3	—	—
Welland	—	3	—
Wellington North	2	—	—
Wellington South	1	2	—
Wentworth	5	4	—

	(a) Offices closed	(b) Offices opened	(c) Change in site
Ontario—Concluded			
York East	4	14	—
York North	7	2	—
York South	1	10	—
York West	6	13	—
Manitoba			
Brandon	3	1	—
Dauphin	5	17	2
Lisgar	2	—	—
MacDonald	3	2	1
Marquette	10	17	—
Neepawa	12	7	—
Nelson	5	17	—
Portage la Prairie	14	3	1
Provencher	1	5	1
St. Boniface	4	3	—
Selkirk	16	8	2
Souris	7	2	—
Springfield	4	19	—
Winnipeg Centre	2	1	—
Winnipeg North	1	3	—
Winnipeg North Centre	2	—	—
Winnipeg South	1	3	—
Winnipeg South Centre	2	—	—
Saskatchewan			
Assiniboia	5	5	–
Battleford	5	8	–
Humboldt	15	12	–
Kindersley	18	13	–
Last Mountain	8	5	1
Long Lake	—	1	–
Mackenzie	10	11	4
Maple Creek	31	22	2
Melfort	5	17	1
Melville	4	4	–
Moose Jaw	5	2	1
North Battleford	22	45	1
Prince Albert	15	24	–
Qu'Appelle	8	3	–
Regina	2	7	–
Rosetown	3	6	–
Saltcoats	3	1	
Saskatoon	4	8	–
South Battleford	7	3	1
Swift Current	13	10	–
Weyburn	7	8	–
Willow Bunch	18	13	4
Yorkton	3	4	2
Alberta			
Acadia	23	12	–
Athabaska	11	17	3
Battle River	30	16	2

	(a) Offices closed	(b) Offices opened	(c) Change in site
Alberta—Concluded			
Bow River	14	13	–
Calgary East	10	12	–
Calgary West	6	5	–
Camrose	7	2	–
Edmonton East	17	21	–
Edmonton West	12	33	–
Lethbridge	5	4	–
Macleod	9	4	–
Medicine Hat	23	14	1
Peace River	19	56	4
Red Deer	12	11	–
Strathcona	5	7	–
Vegreville	7	5	–
Victoria	5	3	–
Wetaskiwin	11	10	–
British Columbia			
Cariboo	31	60	1
Comox-Alberni	15	22	1
Fraser Valley	5	5	–
Kootenay East	7	8	–
Kootenay West	9	9	1
Nanaimo	12	15	–
New Westminster	10	10	–
Skeena	18	28	–
Vancouver-Burrard	—	7	–
Vancouver Centre	2	5	–
Vancouver North	7	10	–
Vancouver South	2	7	–
Victoria	—	4	–
Yale	13	5	–
Yukon			
	4	4	–
Northwest Territories			
	1	13	–

CANADIAN FARM LOAN BOARD—DECISIONS

Mr. DUBOIS:

1. Is the government aware that the Canadian Farm Loan Board has not yet reached a decision with respect to certain loan applications it received some two months ago?

2. If so, will the government take the necessary steps to require the board to expedite its findings?

Mr. RHODES:

1 and 2. The government is advised that loan applications received by the board in the province of Quebec are being disposed of as soon as is reasonably possible following the receipt of appraisal reports and of such additional information as may be required in determining the merits of the individual applications. Following the appointment of a chief executive officer for the province of Quebec on May 16th last, the work of securing and instructing competent men to handle the largely increased volume of appraisal work in the province has necessarily taken some time to complete. Appraisal operations in the province are, however, now fully under way.

QUEBEC HARBOUR COMMISSION—AUTOMOBILES

Mr. LAFLECHE:

1. During the last five years of the Quebec harbour commission, under the administration of commissioners Power, Gauvin, Boutin-Bourassa (a) how many automobiles were purchased; (b) of what make were they; (c) what was the price of each such automobile?

2. Under the administration of commissioners O'Meara, Bertrand and Leblond (a) how many automobiles were purchased; (b) of what make were they; (c) what was the price of each such automobile?

3. What was the total amount of travelling expenses allowed to commissioners Power, Gauvin, Boutin-Bourassa during the last five years of their administration?

4. What was the cost of the upkeep of a garage for repairs to the automobiles of Messrs. Power, Gauvin, Boutin-Bourassa, during the last five years of their administration?

5. What was the total amount paid under the Power, Gauvin, Boutin-Bourassa administration for the purchase of automobiles, travelling expenses, chauffeurs and other personal expenses of such commissioners?

6. What was the total amount paid under the O'Meara, Bertrand and Leblond administration for travelling expenses, purchase of automobiles, chauffeurs and other personal expenses of such commissioners?

Mr. DURANLEAU:

The following information has been furnished by the Quebec Harbour Commissioners:

1. (a) Ten.

(b) and (c)—

1926	Ford	$ 545 00
	Cadillac Big 6	5,750 00
	Studebaker Big 6	3,465 75
1927	Studebaker Big 6	3,380 00
	Chrysler	2,675 00
1928	Graham-Paige	3,025 00
	Ford	625 00
1929	Packard	4,215 00
	Cadillac Sedan	6,760 00
1930	Lasalle	5,075 00
		$35,515 75

2. (a) Two.

(b) and (c)—

1931	Plymouth	$ 880 00
	Studebaker Truck	1,400 00

3. $9.785.30.

4. $15,353.51.

5. $132,752.42.

6. $79,507.79.

*ALCOHOL TAX

Mr. POULIOT:

What revenue has accrued from the tax on alcohol for each fiscal year since 1930?

Mr. MATTHEWS: The only tax on alcohol is a sales tax of six per cent. Information as to the amount collected is not available because separate statistics for each commodity are not maintained. However I suggest that the information the hon. member for Témiscouata may desire relates to the amount of customs and excise duties collected on spirituous liquors during the periods mentioned. This information I now table as follows:

Fiscal year	Import duties	Excise duties
1930-31	$19,069,440 00	$10,693 535 76
1931-32	13,617,437 00	7,100,814 81
1932-33	6,537,315 00	6.320 345 33
1933-34	5,894,311 00	6.333.106 61
1934-35	5,748,342 00	7,208 506 96
1935-36 (2 mos.)	546,425 00	868,649 61

QUESTION PASSED AS ORDER FOR RETURN

GUARANTEE OF RAILWAY BONDS

Mr. RINFRET:

1. What amount of cash was paid to Canadian Northern, Grand Trunk and Grand Trunk Pacific Railways, and what amount of their bonds was guaranteed by the dominion government from 1900 to July, 1911?

2. What amount of cash was paid to these railways and amount of bonds guaranteed by same from July, 1911, to the taking over of each road?

3. What was the estimated value of each road and amount in cash or kind paid by the government for same?

4. What is the amount of bonds of the Canadian National system at present held by public, and what are the yearly interests on same?

THE GOVERNOR GENERAL

ADDRESS TO HIS EXCELLENCY ON THE APPROACHING TERMINATION OF HIS OFFICIAL CONNECTION WITH CANADA

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I was about to proceed with a motion when the first question was called, and I thought it well to conclude that order of business before proceeding with the motion which last night I indicated I proposed to make.

I move, seconded by the right hon. leader of the opposition (Mr. Mackenzie King) that an humble address be submitted to His Excellency the Governor General in the following words:

To His Excellency the Right Honourable the Earl of Bessborough, a member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of The Most Distinguished Order of Saint Michael and Saint George, Governor General and Commander-in-Chief of the Dominion of Canada.

May it please Your Excellency:

We, His Majesty's dutiful and loyal subjects, ... the Commons of Canada in parliament assembled, assure Your Excellency of our deep and sincere regret at the approaching termination of your official connection with our country as the representative of His Gracious Majesty. At the same time we hasten to add the hope that this official termination will not mean the severance of those ties which have so happily been established between Your Excellency and our country and its people.

During your term of office Your Excellency has never spared yourself in your efforts to secure accurate and intimate knowledge of all parts of our dominion. You have, accordingly, gained an understanding of our problems and our possibilities, as profound as it has been sympathetic. Your assiduous devotion to the affairs of state, and your deep and human interest in the widespread activities of our people have won for you the warm regard of all Canadians. Your encouragement of dramatic art, an important but often neglected aspect of our national development, will be felt for long years to come.

Your Excellency has been with us during a period of world-wide economic depression and social strain. You have seen the effects of that depression on our national economy. You have, however, also seen its failure to destroy our national morale. Amidst the tribulations of economic distress, as in the stern test of war, Canada has stood firm, and, with renewed courage and determination, is ready again to continue her forward march.

Our expressions of regret at Your Excellency's departure would, indeed, be incomplete if we did not associate in that regret Her Excellency, The Countess of Bessborough, whose graciousness and charm have won for her an affection throughout Canada which is both deep and widespread.

We beg that on your return to your homeland Your Excellency will convey to His Majesty the assurance of Canada's steadfast loyalty to the crown and devotion to his throne and person, so strikingly demonstrated in the recent and unforgettable celebrations attendant upon His Majesty's silver jubilee.

I think it possibly desirable that I should make a few observations before the house adopts this motion. I say that because of the apparent misunderstanding that has arisen in some quarters as to the methods adopted in the appointment of a governor general and the duties and responsibilities connected with that office. It will be recalled by all who are familiar with our institutions that at confederation the British North America Act provided that the executive authority in this dominion should continue to be vested in the queen, now the king, but inasmuch as the king cannot be present in Canada for the discharge of the duties of chief executive of the state, it becomes essential that he should designate and appoint some person to represent him. That person is, by our constitution, designated the governor general, and under the letters patent issued by successive sovereigns the office is constituted in the terms of "governor general and commander in chief of the Dominion of Canada." Obviously, the appointment of such an official is one of very great importance, for it involves two questions; first, the conclusion by the sovereign that the person designated is one possessing his confidence because it involves an appointment with consequences similar in many respects to those which follow from the granting of a power of attorney to a person whom one may select. Once the sovereign was satisfied that a particular person commanded his confidence and was in every way worthy in his opinion to be designated as his attorney or as governor general in fact of this dominion, the next question of course was to determine by whom the recommendation should be made for the appointment.

Up until the last appointment the recommendation in point of fact came from the British government, and the recommendation to the sovereign was the recommendation of the Prime Minister of Great Britain. After the conference of 1926 and the statute of Westminster it of course is clear that the recommendation for the appointment of a governor general is no longer made by the Prime Minister of Great Britain but by the Prime Minister of the dominion affected.

A few days ago I was reading a dispatch that came from London, indicating that there was a profound misunderstanding as to the method followed in connection with the appointment of a governor general for this dominion. Hence I make these observations.

The appointment thus being made the instructions given to the governor general by His Majesty constitute his letters of authority, just as a power of attorney which may be given by one person to another is the document that controls the extent to which the powers and responsibilities and functions are to be exercised.

The additional reason I direct attention to this is because a condition arose when the present governor general took over his duties in Canada quite unparalleled in our history so far as I have been able to ascertain. It will be recalled that in 1926 His Majesty issued his letters patent to Lord Willingdon, now viceroy of India. In the ordinary course of events he would occupy his position until the fall of 1931 or at least until some time in the year 1931. In 1930 when it was apparent that a new governor general would have to be selected I discussed the matter with the British authorities and it was then believed that there would be no possible likelihood of the office being vacated in Canada

before the expiration of the usual term of the governor general, but later owing to difficulties that need not here be mentioned the British government by cable asked us whether or not there would be any objection to their suggesting the name of the governor general of Canada, Lord Willingdon, to His Majesty as prospective viceroy of India. Lord Willingdon was advised in the same sense, and the government of Canada had to decide whether or not, having regard to the public interest as a whole, it should give its consent to such action being taken as would prevent the usual term of office being completed by the then incumbent. We chose of course, the course that involved the appointment of the Earl of Willingdon as viceroy of India. We believed that with his experience in India as a governor of I think two of the provinces it was desirable that he should serve the greater cause and become viceroy of India. He was thereupon appointed.

It was not possible on a few moments' notice to appoint a successor, and it is in that regard that I now desire to make a few observations. When Lord Willingdon left these shores and went to England he still continued to be governor general of Canada, and it was essential that he should so continue until his successor arrived in Canada and took office, whereupon his commission terminated. Lord Willingdon left Canada on January 15, 1931, and immediately the responsibility fell upon this government under the new practice to take immediate steps for the appointment of a successor. Obviously had we not been of the opinion from the information received that that contingency would not arise action would have been taken to deal with the matter in the fall of 1930 when members of this administration were in London. But the matter had to be dealt with, and it was dealt with, as speedily as possible, for Lord Bessborough arrived in Canada on April 4, 1931. For the first time the procedure became different from what it had theretofore been. For the first time the recommendation of a governor general had to come from the Prime Minister of Canada, and not from the Prime Minister of Great Britain, and obviously the powers that had always been exercised by the sovereign had to be exercised much more rapidly than had theretofore been the case, because there was no opportunity to discuss matters personally in London with those who were interested.

Names were submitted to His Majesty. So far as I know all of them were satisfactory to the king. But the question of securing the willingness of any person thus named to come to Canada was an entirely different matter. Lord Bessborough, out of a sense of public duty, and in order to deal with a problem of great difficulty so far as we were concerned, accepted the office, and the recommendation having been made he was duly appointed. For the first time the Canadian Secretary of State for External Affairs countersigned the commission under which the governor general was appointed, it being handed to him on his arrival in Canada for, as he is sworn in the commission is read, and later published in the Gazette. I mention this because there was an interval of about six weeks only in which it was possible to secure a governor general for this country. The usual practice has been to designate the governor general about six months in advance so that he may be able to conclude his business and make arrangements for an absence from home of what may be five years. To any of us that would be a matter of importance, and much more so to those who may be concerned with business and with affairs of many kinds, and who have to look forward to leaving their own homes for so long a period. However, yielding to the request that was made, Lord Bessborough was appointed and accepted office, arriving here on April 4, 1931. The date has a profound bearing upon subsequent events because in the ordinary course it is not usual for a governor general to arrive at that time of year. It is an inconvenient time for reasons that will at once commend themselves to members of this house. When His Excellency's term of office had reached four years he had to deal with the problem in one of two ways. If our request that he should remain until the spring of 1936 were given effect to, Lord Bessborough would terminate his office here in the spring of next year and remain until the fall by arrangements that could be made and thus permit his successor to follow the usual course of commencing his term of office in the fall. But there were other conditions which made it desirable that the other alternative should be adopted. I think I should say frankly that medical advice indicated that it would be rather difficult for the Countess of Bessborough to remain in this country another winter. His Excellency with the full approval of the government requested the king to permit him to retire this fall. His Majesty, in view of all the circumstances and having regard to the delicate matter to which I have referred, agreed that this action should be taken; hence it is that Lord Bessborough is terminating his office now rather than at a later period.

I mention this for another reason. There was a vague rumour, I am not quite sure whether it was published, that His Excellency

was leaving Canada earlier than usual because of differences with his Prime Minister and the government. Nothing that I can conceive of could be more wholly inaccurate than that. For many years I have had occasion to have official relations with men in high office and I say frankly that I have never been on terms of greater friendliness and friendship with any official than I have been with the governor general of this dominion. I make that statement because in fairness to him it is not right that a rumour of that kind should find credence or circulation without being denied, His Excellency not being in a position to make a statement himself.

It was essential that a period of months should elapse in which his successor designate should find an opportunity to make arrangements to come to Canada. I shall not deal with that more than to say that the Governor General Designate of Canada, Lord Tweedsmuir, will in ordinary course be here this fall to begin his duties under the new procedure which I have taken some time to describe to the house.

The position of governor general of Canada is not an easy one. There is an opinion on the part of some that it consists of the discharge of very few duties and the enjoyment of much leisure. Such is not quite the case. In the first place, the governor general is the personal representative of His Majesty the King, which is indicated to the public by the king's flag that is flown wherever he may be at any time in this dominion. The governor general has great and onerous responsibilities in connection with the administration of government. Proposed measures are submitted to him for his consideration. If he has had much experience, his advice and counsel are of the utmost value to those who are responsible for the conduct of government. In this case, Lord Bessborough had been for years a member of the British House of Commons. On the death of his father he succeeded to a seat in the House of Lords, where, while in England, he had been rather generally in attendance. That gave him a very wide knowledge of the working of our institutions, a very wide knowledge of parliamentary practice and procedure and enabled the prime minister of the day, whoever he might be, to discuss with one who knew by practice and not by theory the difficulties that governments have to encounter in dealing with problems of legislation and allied problems that concern governments in any British country. In this instance the experience of Lord Bessborough has been of the utmost value. I desire to pay my tribute to his interest in everything that concerned the welfare of this country from the standpoint of legislation and to his willingness at all times to assist those responsible for government with his counsel and advice and with the benefits of his wide and extensive experience.

I can say that also with respect to another matter. His Excellency had had wide experience in business. Before he came to these shores he was interested in many undertakings and his wide business experience in close association with financial leaders in the city of London have been of the greatest possible value to the Dominion of Canada. By maintaining personal contact, by correspondence with his former associates in London, he is sometimes able to correct misapprehensions and misunderstandings which have existed. When matters of business are discussed with him, as they have been, out of the large experience that he has had in the city of London he has rendered great service to our country. I desire to give my personal testimony upon that point.

As to the interest which Their Excellencies have had in the welfare of Canada, it is not my purpose to do more than refer to the terms of the address itself. They have visited every province in the dominion and have seen conditions as they really exist. They have talked with people on the farms, with the fisherman by his boat; they have talked with those in mill and factory, as well as those working in offices and the financial institutions of the country. They have derived in a large measure first hand information of all that concerns our well-being. In moments of depression it has been the privilege of the governor general to make suggestions that have encouraged the people and enabled them to take up their burdens and task with renewed determination in meeting conditions which confronted them. All these observations as to the manner in which the duties of a great office have been discharged I know are unnecessary for me to make, but I desire in my place here to pay a tribute to the disinterested character of the services rendered by His Excellency to this dominion in times of great difficulty.

I need hardly say that there was a peculiar affection for the Countess of Bessborough on the part of the Canadian people when she first came to these shores. The subsequent birth of a son gave cause for an increased sentimental attachment on the part of our people and the fact that the boy bears the name St. Lawrence is a constant reminder of his having been born in the province of Quebec and of the great part which the river

bearing that name plays in the economic life of Canada. I have trespassed longer upon the time of the house than I had intended but there were some misapprehensions and misunderstandings which I felt should be cleared up. I shall content myself with saying that for disinterested service, for a high conception of the duties of a great office and in the performance of these duties and responsibilities with dignity and zeal, Lord Bessborough will rank among any of his predecessors, and the gracious charm of his consort, the Countess of Bessborough, will never be forgotten by Canadians who have been privileged to make her acquaintance. I move the adoption of the address I have just read.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I have much pleasure in seconding the motion just made by the right hon. the Prime Minister (Mr. Bennett) and in associating myself and hon. members on this side of the house with the sentiments expressed in the address which it is proposed to present to His Excellency the Governor General on the approaching termination of his official connection with our country.

As the Prime Minister has indicated, the position of governor general holds for the occupant of that high office, relationships of the greatest significance and importance. The first of these relationships referred to by the Prime Minister is that of the governor general to the crown. There is also the relationship of the governor general to the government and to parliament and, as the Prime Minister has also indicated, there is the relationship of the governor general to the people of the country. I doubt if an incumbent of that high office could wish for more than that it should be said of him at the conclusion of his term of office that, as respects these relationships, he had been faithful to the best traditions which cluster around all three. This, I believe, can truly be said of the Earl of Bessborough. It can be said that, in his relationship to the crown, to the government and parliament, and to the people, His Excellency has fulfilled the expectations of his sovereign, and, as we have just heard, of the government which was responsible for his appointment.

The Prime Minister has referred at some length to the relationship of the governor general to the crown. It is true, as the right hon. gentleman has said, that in common with all our interimperial relations the position of governor general has undergone farreaching and fundamental change with the course of time. It is not so long ago that the appointment of the governor general was made, as the Prime Minister has indicated, at the instance of the government not of Canada but of Great Britain. The extent to which there has been consultation between the two governments has varied considerably from time to time, but I am sure I am right when I say that the voice of the Canadian government has been increasingly heard and recognized as the years have gone by. It is a distinguishing mark of His Excellency's appointment that in letter as well as in spirit the appointment was made on the advice of the Canadian Prime Minister without any intervention on the part of the government of Great Britain. As we are touching on these matters historically it is perhaps permissible at the moment for me to indicate how far that development had gone prior to the time at which my right hon. friend came into office.

The Prime Minister has referred to the appointment of His Excellency Lord Willingdon to the position of viceroy of India. I recall that at the time it became necessary to choose a successor to Lord Byng, then governor general, the British government communicated with the government of Canada in the matter. The British government submitted names which it thought might be acceptable, but the British government was informed by the government of Canada that we would wish to have included, among any names that might be submitted, the name of Lord Willingdon. In a communication to the Prime Minister of Great Britain, speaking as the Prime Minister of Canada, I pointed out that we were not anxious, at that particular time, to raise the question of at whose instance the governor general of Canada should be appointed as between the government of Great Britain and the government of Canada. I stated that if the government of Great Britain was prepared to carry out the wish of the Canadian government in the matter, as had been more or less the case in the past, that question would not be raised, but that we maintained the position that the appointment was one for which, like others related to Canada, the Canadian ministry should be responsible. When the imperial conference of 1926 took place in London I brought up the matter there, and one of the subjects I submitted for consideration at the conference was the position of the governor general with respect to the government by which he should be appointed. I took the position that the governor general should be the appointee of His Majesty's government of the dominion

in which he was expected to be the representative of the crown. That matter was fully considered by the conference of 1926, and as hon. members who are familiar with its proceedings know, a resolution was adopted unanimously by the conference of 1926 approving and asserting that as the position. With the enactment of the statute of Westminster no further word was needed to make it quite clear that so far as the appointment of the governor general of a self-governing British dominion thereafter was concerned that the appointment would be made on the exclusive recommendation and responsibility of the Prime Minister of the day, having always in mind, as the Prime Minister has just pointed out, that whoever is appointed is the representative of His Majesty the King and that naturally His Majesty's own wishes in the matter must also be given the greatest respect and consideration.

A further relationship to which the Prime Minister has referred is that of the governor general to the government and to parliament. Of the relationship of His Excellency to the government, I, of course, cannot speak; the Prime Minister alone can tell us of that. But may I say to my right hon. friend at once, when he mentions that there have been rumours of some difference between His Excellency the Governor General and the Prime Minister, that I for one have heard no rumour of the kind, nor am I aware of anyone who has. There have been many rumours of differences between my right hon. friend and some of those who are very close to him; we know of one that has resulted in a very marked separation. But may I say that so far as the governor general is concerned I have heard of nothing of the kind, and I was not surprised to hear my right hon. friend say, as he did, that in the discharge of his own onerous duties he had found the wide political experience of Lord Bessborough and His Excellency's large financial and business experience as well a very great help to him while he has been in office, and that he had found in the intimate associations which he had been privileged to enjoy with the present governor general much for which he will long cherish a grateful memory and appreciation.

As to the relations of the governor general to parliament, there again it is for the Prime Minister to speak. But as leader of His Majesty's opposition and, in that position, having some responsibility to view generally all situations affecting parliament, I might perhaps be permitted to say a word. I believe that, from the beginning of the time Lord Bessborough came to Canada up to the present moment, His Excellency not only has sought but has succeeded, as between political parties in this country, in maintaining an attitude that has been scrupulously impartial. And may I go a step further and say that I feel that, on many occasions, a word spoken in season, and a kindly act on the part of Lord Bessborough as the king's representative, have gone very far in some situations that were extremely irritating and baffling to help to make a rough place smoother than it otherwise would have been. Here again I join with the Prime Minister in appreciation of the difficult position of a governor general in what is expected of him in the matter of travel and speaking throughout the country, particularly in times of great depression and strain. Inevitably there must be a colouring of all efforts of an administration by the character of the times in which the administration is carried on. It has been Lord Bessborough's good or ill fortune to be in Canada in a period when, as mentioned in the address, the country has been suffering great depression, and strain. I think that the addresses His Excellency has given from time to time, and which have always had about them a note of optimism, of hope and of faith, are deserving of mention and praise. He has sought at all times to give encouragement to the people. We know of his effort to become acquainted with all parts of the country, of his effort to become acquainted with the people, of his desire to inform himself of conditions and to identify himself with great causes, and of the extent to which he has been successful in identifying himself with and furthering patriotic and philanthropic as well as cultural developments in our country.

It is wholly appropriate that the address should contain special reference to the interest which His Excellency has taken in dramatic art. I for one would like to have seen that interest and encouragement find its natural and complete fulfilment in the establishment of a national theatre in Canada. However, that consummation may come in the course of time, and, if it comes, it will owe its inspiration more than anything else to the dramatic competitions with which His Excellency's name will be permanently associated.

There is one other memorial expressive of broad human sympathies which I believe will prove to be of an enduring character and regarding which I think it is appropriate to say just a word, and that is the great personal interest taken by Their Excellencies in the inauguration and promotion of the cancer fund established at the time of the king's silver jubilee. We know it is due to the magnanimity of His Majesty that the fund is

being used for research in Canada and for the treatment of cancer in Canada, but I believe it is an open secret that the form which the gift assumed owed much to a suggestion of His Excellency.

I believe all hon. members, and the country generally, will appreciate very much, and regard as eminently fitting, the reference which is made in the address to the part which has been taken in all matters pertaining to Government House and His Excellency's social and other responsibilities by Her Excellency the Countess of Bessborough. In referring to Her Excellency's "graciousness and charm" the words of the address have been well chosen. I am sure we all agree that Her Excellency has won, in a very complete way, both the admiration and the affection of the people of this country.

In conclusion may I add that in saying good-bye to Their Excellencies, we shall hope they will carry away from Canada memories as cherished and as pleasant as those which they are leaving in our midst. When again in the old country they will I am sure often think of the days of their sojourn in Canada. In so doing I trust they will always feel there is in Canada an abiding interest in all that pertains to their welfare and that of the members of their distinguished family, and that they have at all times the best of wishes of the Canadian people.

Mr. G. G. COOTE (Macleod): In the absence of the hon. member for Acadia (Mr. Gardiner), I would like to say on behalf of myself and members of this group that we join very heartily in the kindly sentiments expressed at this time by the Prime Minister (Mr. Bennett) and the leader of the opposition (Mr. Mackenzie King) to Lord and Lady Bessborough. I trust Their Excellencies may carry with them the very kindliest remembrances of their stay in Canada, and I am sure we will all be glad to welcome them back to this country at any time they may be able to visit us.

Motion agreed to.

Mr. BENNETT moved, seconded by the leader of the opposition (Mr. Mackenzie King):

That a message be sent to the Senate, informing their honours that this house has passed an address to His Excellency the Governor General on the occasion of the approaching termination of His Excellency's official connection with this country, and request that their honours unite with this house in said address.

And that the clerk do carry the said message to the Senate.

Motion agreed to.

SALMON TRAP REGULATIONS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver South): I would like to direct a question to the acting Minister of Fisheries. I am in receipt of a complaint from fishermen on Vancouver island in regard to the use of traps on the shore from west of Sooke harbour as far as Sheringham and east of the harbour as far as Beechey Head. I think the chief complaint of my correspondent is that the regulation, that is as regards the thirty-six hours a week close season, is not being carried out. I wonder whether the acting Minister of Fisheries could make a statement in that regard.

Hon. GROTE STIRLING (Acting Minister of Fisheries): The hon. gentleman wrote me a letter which he handed me yesterday, and also intimated that he wished to ask a question to-day on this matter. The situation is that the regulations call for the observance of the forty-eight hour weekly close season by the traps. A fishery patrolman is placed on duty in the trap net area each season to see that there is compliance with these requirements. In addition to that the district fisheries inspector makes periodic inspections.

Complaint having been made, it will certainly be investigated further, but I may draw the hon. member's attention to the fact that it has been suggested to the fishermen concerned, that if they will, they may recommend the appointment of an honorary fisheries guardian who can represent their interests and make observations continually as they see fit. The department has no reason to object to that suggestion.

VALCARTIER RELIEF CAMP

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): May I ask the Minister of National Defence whether he has any information he could give the house with regard to conditions in the relief camp at Valcartier where two thousand men are reported to have quit work, and what steps, if any, are being taken by the government?

Hon. GROTE STIRLING (Minister of National Defence): One thousand nine hundred and eleven men decided yesterday not to work and they are quietly remaining in the camp for the present, carrying on such

camp duties as are necessary for the preservation of the camp and the comfort of the men. It has been intimated to them that if they have a statement which they desire to make with regard to their conditions, a representative of the government will proceed there in due course to listen to what complaints they have to make and to give consideration to them.

LOAN TO NEWFOUNDLAND

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): On Tuesday the hon. member for Témiscouata (Mr. Pouliot) raised a question as to whether the guarantee which was given regarding a certain advance to Newfoundland had been referred to in the 1934 report of the director of unemployment relief. He will find that the guarantee is referred to and the reference will be found on page 44 of the report. I may say further to my hon. friend that the guarantee was also referred to in the budget speech of this year and also appears in the public accounts. No demands have accrued under the guarantee.

CANADIAN GRAIN BOARD

PURCHASE, STORAGE AND MARKETING OF WHEAT AND OTHER GRAINS

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee on Bill 98, to provide for the constitution and powers of the Canadian grain board (as amended).

Motion agreed to and the house went into committee, Mr. Smith (Cumberland) in the chair.

On the short title.

Mr. RALSTON: I think it may be well now for me to make a few remarks in regard to this bill as it comes from the committee. I hope that what I have to say may be of some assistance in connection with the consideration of the bill in committee, and indicate the general attitude which I took and I think which many of those with me may take in regard to the bill. No one intends at this time to detain the committee at any great length on the discussion of this matter, notwithstanding that, as has been agreed I think in the house generally, this is probably the most important piece of legislation which has been before the house during this session of parliament. I think hon. members will agree, I am sure the members of the special committee will agree, that the appointment of a special committee and the reference of this bill to that special committee were amply justified, in view of the information which came before the committee. It is evident, I think, that it would have been a gross dereliction of duty for the committee to have attempted to consider this bill in all its phases without the information which was given by the different witnesses. The matter involves, as we know, a carry-over of something like 228,000,000 bushels of wheat, and the handling of this year's crop. As was agreed by all the witnesses before the committee, I think, and as I am sure was agreed by the committee itself in view of the form the bill has taken, the greatest problem which we had before us and have before us to-day and which this board will have before it is the accumulation of that carry-over of some 228,000,000 bushels as of May 31, 1935. It was felt that in order to avoid, if possible, a further accretion to that accumulation, and in order, if possible, to give the board some lead with regard to the manner in which it should administer the act, there should be some knowledge of the operations which have been carried on from 1930 to 1945 by the Canadian Cooperative Wheat Producers Limited, backed by the guarantee of the government. That information was forthcoming. I do not propose to detain the committee at any length with the figures, because they are on the records of the committee, but I should like to put on Hansard just the highlights of the information which was elicited there.

There were given to the committee the holdings of Canadian Cooperative Wheat Producers Limited, from July 1, 1931, to May 1, 1935, in fact down to June 20, 1935. That involves the study of a good many sets of figures. For the benefit of the committee I think it well to put on Hansard simply the holdings as at the end of each calendar year during the administration of Canadian Co-operative Wheat Producers Limited, the holdings as at the end of each crop year, and also the general ebb and flow of purchases and sales during the period. Besides the pool wheat which they took over, they had what is known as special wheat, which means wheat purchased with the idea of supporting or stabilizing the market or assisting in the sale of pool wheat:

	Pool holdings	Special wheat	Total
Dec. 31, 1931	76,728,000	7,825,000	84,553,000
Dec. 31, 1932	76,728,000	75,717,000	152,445,000
Dec. 31, 1933	76,728,000	113,409,000	190,137,000
Dec. 31, 1934	76,728,000	158,483,000	235,211,000
May 1, 1935	76,116,000	152,446,000	228,562,000

The closing prices as of December 31 in each of these years which prices I think would be for the next May future, and are basis Fort William, were as follows:

Dec. 31, 1931	59⅜
Dec. 31, 1932	41⅞
Dec. 31, 1933	61¼
Dec. 31, 1934	78½
May 31, 1935	82⅞

In December, 1932, wheat went down to 38½, that is the month which has been frequently referred to by the Prime Minister as the time when wheat went to the lowest price.

The cost of all the wheat as of May 31, 1935, as given by Mr. Findlay, the accountant of the Canadian Cooperative Wheat Producers, Limited, was 85·94 cents per bushel. That is the cost of the pool wheat and the special wheat. The cost of the special wheat was 79·011 cents per bushel. The cost of the pool wheat as of August 31, 1931, when it was taken over was 60·53 cents. Added to that, in order to make a rough calculation of the present cost, should be the carrying charges for three and three quarter years at approximately ten cents a year, bringing the cost of that wheat to something near a dollar a bushel. That is the situation which we had as of May 31, 1935; there were 228,000,000 bushels on hand of pool and special wheat, and we are faced with what is calculated roughly to be a crop of about 400,000,000 bushels for 1935-36.

Then, I should like to put on record the holdings and prices as of the ends of crop years during that period. These are the figures:

July 31, 1931			
Pool wheat	76,728,000		
Special wheat	3,178,000		
Total		79,906,000	52⅝ cts.
July 31, 1932			
Pool wheat	76,728,000		
Special wheat	23,620,000		
Total		100,330,000	57½ cts.
July 29, 1933			
Pool wheat	76,728,000		
Special wheat	69,085,000		
Total		145,813,000	79⅛ cts.
July 28, 1934			
Pool wheat	76,728,000		
Special wheat	100,130,000		
Total		176,858,000	86 cts.
May 31, 1935			
Pool wheat	76,116,000		
Special wheat	152,446,000		
Total		228,562,000	82⅞ cts.

The May figures are the same figures I gave when I was giving the holdings at the ends of calendar years. Running down through the years I shall repeat the holdings at the end of the month of December and in the present year in the month of May:

	Bushels
Dec. 31, 1931	84,553,000
Dec. 31, 1932	152,445,000
Dec. 31, 1933	190,137,000
Dec. 31, 1934	235,211,000
May 31, 1935	228,562,000

Then in the table I gave previously I indicated that at July 31, 1931, the holdings were 79,906,000; July 29, 1933, 145,813,000; July 28, 1934, 176,858,000 and May 31, 1935, 228,562,000 bushels.

Just to complete the picture, and without going into detail I should like to give a statement of what I might describe as the ebb and flow of purchases and sales during that period. The statement I have given simply indicates the net amounts on hand as of those dates. Those net amounts however have not been produced by constant purchases or constant sales but by purchases and sales. As will be seen by the figures the ebb, I am sorry to say, has been a good deal less than the flow. On July 31, 1931, we took over 76,728,000 bushels of pool wheat. On December 31, 1931, we had made net purchases of special wheat amounting to 7,825,000 bushels. Then, I should like members of the committee to note this. Jumping right to September 30, 1932, we had sold all the special wheat on hand as of that date and had reduced our pool wheat by 5,391,000 bushels. That was as of September 30, 1932. Hon. members will recall that that was about the time of the Ottawa agreements. By December 31, 1932, though, we had again purchased 80,000,000 bushels of wheat, 75,000,000 bushels of which would be allocated to special and the other 5,000,000 bushels to make up the shortage in pool quantities which had been shown as of September 30, 1932. So we emerge on December 31, 1932, with about 75,000,000 bushels of special wheat on hand.

Then, let us follow the ebb and flow from that time forward. We began 1933 with

about 75,700,000 bushels. In January we bought 1,000,000 bushels; in March we sold 4,000,000 bushels; in April we sold 1,200,000 bushels and bought 600,000 bushels, leaving a net sale of 600,000 bushels. So it appears that in March and April the net sales were 4,600,000 bushels. That leaves an amount on hand as of April 22, of 72,000,000 bushels.

Then from April 22 to June 24, 1933, the amount on hand was practically constant, there being just one sale inside of those two months. That was a sale of 850,000 bushels; and there was one purchase of 640,000 bushels, so that for these two months the quantities on hand remained practically constant. Prices at that time were stiffening considerably. From July 1, to July 19, 1933, there were various substantial sales. Twenty-nine million bushels were sold between those dates. Then, from July 20 to August 12, there were purchases of 34,500,000 bushels leaving a net result on July and August operations of 77,000,000 bushels on hand. During the fall there was purchased 56,000,000 bushels of wheat, so that the total special wheat as of December 31, 1933, stood at 133,000,000 bushels, plus the pool wheat standing at 76,000,000 bushels.

Then, from January to the middle of June, 1934, we sold 38,000,000 bushels of wheat, and there were very substantial liquidation operations. For the two months from the week ending June 16 to that ending August 11, there were no sales, and prices were still going up. In fact there was a purchase of 3,000,000 bushels. From August 11 to December 31, 1934, we purchased 61,000,000 bushels, and up to May 31, 1935,—the end of the present year—we sold 6,000,000 bushels, leaving a total, as I have said, of 152,000,000 bushels of special wheat plus 76,000,000 bushels of pool wheat.

With those figures before the committee here was the situation which presented itself: What appeared to be the position was that although there may not have been a misunderstanding, it did seem as though there had been a misunderstanding or some misapprehension as to the task which the Canadian Cooperative Wheat Producers Limited should carry out. In any case what had happened was, as is shown by the figures, that from time to time the Canadian Cooperative Wheat Producers Limited not only did not sell wheat but in fact went into the market and bought it. These figures are given in more detail in the report of the committee. That wheat was bought not necessarily from producers but it was bought on the market and from the public at large. As was stated by Mr. McFarland before the banking and commerce committee of last year the purchases in the latter part of July, 1933, were purchases back from speculators who had taken wheat and whose hands, I presume, were regarded as being too weak to hold it. The result was that about 34,000,000 bushels was bought back.

That is the situation the committee found. And as a result of recognizing that situation and the danger in connection therewith the committee has made the first and I believe the most important restriction appearing in the bill. I believe the restriction about which I shall speak represents the most important difference between the bill sent to the committee and the one now reprinted and before us. Provision has been put in the bill stipulating that the Canadian grain board is absolutely prohibited from purchasing wheat from anybody but a producer. I repeat, the grain board is prohibited from purchasing wheat from anybody but a producer. In other words, it is no longer possible for the grain board to go on the market and with whatever idea they may have in mind—either of stabilizing or supporting a market or purchasing wheat and holding it for a higher price—buy wheat from anybody but the producer. I believe the committee was unanimous in feeling that that provision was quite necessary. At least if it were not made it seemed to us, I believe to all members of the committee—I am speaking at least for the hon. members associated with me—that a Canadian grain board would get an entirely wrong impression of its job, and that we might again witness a series of operations in purchases and sales which might result in a further accumulation of wheat purchased from other than the producer.

What appeared was this, that somehow or another the Canadian Cooperative Wheat Producers Limited, backed by government guarantees, had failed to appreciate the magnitude of the task undertaken by it, in attempting to stabilize and support the market, or to carry on the operations they were carrying on. What I mean by that is this: The real object I think of this House of Commons and of the people of this dominion was to endeavour to see that through these times of stress and strain it might be possible for the producer to get a fair price for his wheat. It was the producer the country had in mind in connection with the legislation, and it was hoped that it would be the producer that would be had in mind in connection with this whole transaction. But no matter what the motive was, what turned out was this, that in the endeavour let us say to assist the producer, or in the endeavour to support the market, or in the endeavour to stabilize the

market, or in the endeavour to bring out the financial transactions on the right side of the book, the result has been that the Canadian Cooperative Wheat Producers Limited instead of dealing directly with the producer and paying him so much money for his wheat has felt that the only way they should operate was by acting almost as Atlas and attempting almost to support the world price by operations on the Winnipeg grain exchange. That may be one way of doing it, but it has turned out to be I think a disastrous way.

Let me give a reference from a memorandum that was read by Mr. McIvor to indicate to the committee the magnitude of the task which seems to have been undertaken. Mr. McIvor who is assistant sales manager I think of Canadian Cooperative Wheat Producers Limited said this:

> In stabilizing the futures market as he has done Mr. McFarland has been required—

Note this:

> —to stabilize not only the wheat in Canada being delivered by the farmers, but the flour in Canada, the flour in the United States, the flour afloat, the flour in the British Isles and foreign countries, Canadian wheat in United States in transit, and in non-reporting mills and feed plants in bond, wheat out of bond, wheat on ocean passage and in British and foreign ports, wheat in non-reporting mills in process of grinding, other grains hedged in wheat futures and spreads with other markets.

That is a pretty colossal task, and regardless of the sincerity with which the task was approached it seems to me that the task as set out there was a task too great for any organization, and particularly too great for any one man. The way it appears now—some may say this is hind-sight—it would seem that the best way to endeavour to get the best price for the producer would be to deal directly with the producer. It will be agreed by members of the committee generally that the plan which is now provided in the bill now submitted to this committee of the whole is largely along the lines of the Argentine plan; that is to say, where the board stands by, is ready to purchase from the producer at a minimum price, but at the same time permits the ebb and flow of commercial transactions so long as the producer is assured that he has that back log at all times if he wants to approach the board as a purchasing agency dealing with the producer, and not attempting to assist the producer by supporting the structure of world prices. Because after all it is a pretty big job even with Canada's proportion of the supply of wheat in world markets for Canada to attempt to regulate the whole structure of world prices. So that is the first and I think perhaps the greatest improvement that has been made by the committee in the bill as it is now presented to this committee of the whole. No longer will we have to support world's markets. It may be that the board will have to take a loss in its operations; that is to say, in selling its wheat. That is another matter. But so far as the producer is concerned the board deals directly with him.

What is the next change? The next change is in the matter of sales policy. I feel satisfied from what was said before the committee that there was some misunderstanding of the method at least which was to be adopted in connection with the handling of this transaction. As I endeavoured to point out on the committee the orders in council would seem to me to plainly provide for the marketing of the 1930 crop, and the operations which were to be conducted subsequently seem to be ancillary and supplementary to that first job. But quite a different idea was held by Mr. McIvor. That was apparent from the transactions as disclosed to the committee, the high lights of which I have given to this committee of the whole this morning.

What seemed to be wanting, and what has been remedied I think by this bill, is the matter of a sales policy. The original bill, it will be remembered, provided that the board should undertake the orderly marketing of wheat, but it gave unlimited power to buy and sell. This bill, as I have pointed out, gives only the power to buy from the producer, and this bill expressly contains provisions indicating parliament's desire and direction that sales shall be made.

Many of the witnesses who were heard before the committee felt that the lack of what they called a sales policy was one of the principal causes of our difficulty at the present time, operating as it did to cause the carry-over which we have to-day. One witness, Mr. Smith, at page 155 of the evidence, spoke of the operations of the Canadian Cooperative Wheat Producers Limited and said he would continue the policy of handling this business through the open market in the same way that Mr. McFarland had done, "with the addition of a definite sales policy which apparently has been lacking." It seems to me that that was the whole core of our problem. A sales policy had been lacking in connection with the operations of the Canadian Cooperative Wheat Producers Limited. The same witness at other places in the evidence spoke of the same thing, and other witnesses spoke of it as well. What has been assured in this bill is that what we tell this board is that they are to sell, and not to buy except from the producer.

What has been the result of this lack of sales policy? Well, there is some difference of opinion with regard to it, and I do not propose to enter upon the controversial stage of it this morning because I think this bill represents what has been referred to in the press and around the corridors as more of a compromise, and I am hoping a helpful compromise in order to deal with a very serious problem.

It has been pointed out repeatedly in the country, and I feel that the committee should have this before them, that the result of not having a sales policy, that the result of not selling, has not been beneficial to our market. Some of the witnesses were not prepared to agree with that. Some of the witnesses suggested that it was after all a cold-blooded business, that you sold to a man if you offered him the goods at the lowest price. I have here Broomhall's weekly letter of April 10, 1935, and this is what he says with respect to Canada's sales policy:

Canada has sold more wheat in the past week, but her prices are too high to enable her to get a good share of the international trade, and this applies to the buying of British millers and still more to be continental trade, although official returns of exports, indicate that Canada's trade with the continent is not so stagnant as it often appears from market reports. Canadians are bound to recognize that they are not selling sufficient to reduce their stocks to anything like a normal quantity by 31st July next—as we said in our review of 26th March we are doubtful if the total shipped during the current season will reach our estimate of 30,000,000 quarters, especially as we hear that some British millers recently made a further reduction in the percentage of Canadian in their gristing mixture—

The committee will note that:

—especially as we hear that some British millers recently made a further reduction in the percentage of Canadian in their gristing mixture, being encouraged to do so by the better gluten content of this season's Plata—we recently published a letter from a Liverpool miller suggesting that Canadian wheat, in view of its high price, ought to be quoted per fine ounce.

Which was a bit of biting sarcasm. Broomhall's letter of March 27 says:

If any country puts its wheat out of the reach of buyers, that country loses trade and its shipments fall short of our estimate. Canadian prices recently have been held so high that continental countries have gone without or bought elsewhere, and United Kingdom millers are using as little as possible of the relatively dear Canadian northern grades. We do not apologize for our estimates, but put the blame upon whom it belongs.

And on the next page of the same letter:

It is, however, a very debatable point as to whether Canada's best interests are served by a policy of splendid isolation. If Mr. McFarland were to approach the trade in a spirit of friendly cooperation, and adjust his prices to a reasonably competitive level, it is quite probable he would be agreeably surprised at the amount of business waiting to be done.

As I pointed out in the committee and as I wish to emphasize here, apparently the result has been that we have been losing our place in the British market to the Argentine. The point has been made repeatedly that Canada is maintaining her percentage of British imports of wheat, that is so but the point I wish to make here, and as I indicated to the committee, is that while Canada is maintaining her percentage of British imports, the United States has lost her place in the British market and that place has not been taken by Canada but by the Argentine and other countries. I have a table here I should like to present to the committee.

Mr. BENNETT: Is that from the evidence?

Mr. RALSTON: Yes, I read it to the witness, Mr. McIvor. For the five year period 1923-24 to 1927-28 Canada's percentage of imports of wheat and flour into the United Kingdom was 34·5. For the same period the United States percentage was 28·62; the Argentine percentage, 16·26; Australia, 11·55 and others, 8·88. For the five years period 1928-29 to 1932-33 Canada's percentage was 33·04; the United States, 13·21; the Argentine, 20·7; Australia, 17·91 and others 15·1. This period included 1932-33 when Canada had fifty per cent of Great Britain's imports. These figures therefore give Canada the full benefit of any enlarged proportion of British imports. The percentages for the year 1933-34 were 35·36 for Canada; ·18 for the United States; 24·4 for the Argentine; 21·24 for Australia and 19·13 for other countries. For the nine month period from 1934 to April 30, 1935, the percentage for Canada was 36·56; for the United States it was ·23; for the Argentine, 31·4; for Australia 20·64 and for other countries 11·14. A comparison of the five year period, 1923-24 to 1927-28 with the period 1928-29 to 1932-33 shows that Canada lost 1·46 per cent in the proportion of British imports. In 1933-34 our percentage rose to 35·36, an increase of two per cent and for the nine month period 1934-35 it rose to 36·56, showing an increase for the five year period of three per cent. For the five year period 1928-29 to 1932-33 the United States furnished 13·21 per cent of the imports; this dropped to ·18 per cent for 1933-34 and rose slightly to ·23 per cent for the nine month period 1934-35. In that time the Argentine raised her proportion from 20·7 per cent to 24·4

per cent in 1933-34 with a further increase to 31·4 per cent for the nine month period 1934-35.

It seems to me that those figures indicate that the Argentine is taking Canada's place when it comes to the matter of getting the business which Great Britain has to give. If one wants further confirmation it is to be found in the figures placed on Hansard by the Prime Minister (Mr. Bennett) at page 3645. These figures show that Canadian imports of wheat into British markets dropped from 52,957,000 bushels in 1930-31 to 48,103,612 bushels for the nine month portion of 1934-35, whereas the Argentine exports to Great Britain jumped from 30,594,000 bushels in 1930-31 to 47,474,791 bushels in the nine month period of 1934-35. In other words, Canada was down about ten per cent, while the Argentine increased by about fifty per cent. I submit that those figures indicate that the sales policy which Canada has been following or the want of a sales policy has not been good for this country. If I wanted further corroboration of this I would remind the committee of what the Prime Minister said when he came home from the wheat conference in 1933. I think it was in the first speech which he made in Montreal, when he said that he was surprised at the activity of European countries in regard to the matter of raising wheat. He pointed out that the question was the restoration of international trade in Canadian wheat and he is quoted in the Montreal Gazette as follows:

> One solution was through harmonizing the interests of the two groups and he was glad to say that common sense and reason had prevailed and an agreement had been signed on August 21st last which went towards the solution of the problem.
>
> 63 cents in gold—Liverpool for four months. "Wheat import countries by their greater acreage had demonstrated clearly that they did not again intend to be placed in a position where they would face either starvation or have to pay ransom prices."

My right hon. friend pointed out at that time that because of the fear which these countries had they had increased their production of wheat from 900,000,000 bushels in 1930 to 1,220,000,000 bushels in 1933. That increase had been brought about by a fear of starvation and also a fear of ransom prices. I am afraid that the sales policy which has been pursued by Canada has contributed to some extent to this increase. I should also like to refer to a statement made by Sir Edward Beatty in January of this year. In a characteristically temperate statement Sir Edward reviews the whole wheat situation and says:

> I disagree with those who suggest that it is improper for this country to attempt any measures to protect its wheat producers against fall of the price of their product to the lowest depths. Wheat is far too important in the economy of this country for us to accept unmoved the prospect of its price falling to the levels where its producers are beggared. I believe, however, that it is equally dangerous for us to believe that we can prevent the price of wheat, as recorded by a great world market such as Liverpool, from reflecting even a temporary condition of overproduction, or that we can persuade buyers abroad to pay premiums larger than justified by superior quality for Canadian wheat compared with wheat from other areas. The subject is one of overwhelming importance to this country, and to every citizen. It is to be hoped that our policy will be framed with full realization of this fact. I feel that this task should be given to the best available skill and experience in this matter, and that the most careful examination should be made of the views of our customers, rather than that we should take the risk of drifting into a state of hostility between buyer and seller.

Perhaps that statement will have more weight with some hon. members than with others but it does stand to reason that if we hold our wheat above world prices these countries will turn in self-preservation to raising their own wheat or to buying wheat from other countries. What is the situation in Canada? Does it need any argument to convince anyone that the thing to do in this country is to get our wheat moving? Wheat lying in elevators, even though it is backed by the guarantee of the government of Canada, will not assist in paying transportation charges or wages on steamboats or railroads. It is not going to assist in the income of men at terminal ports, nor is it going to assist in the general activities which are incident to the constant movement of traffic across the country. It all will help. It may be said by some that we cannot afford to sell our wheat too cheaply even for that purpose, but I think the committee came to the conclusion that we cannot afford to hold our wheat indefinitely in the hope that something will turn up. The fact that this wheat has been rolling over and over and has now reached the enormous quantity of 225 million bushels is something that brings home to our minds more forcibly than anything else the importance of adopting some policy. And so there are inserted in the bill subsections (b) and (c) of section 8, which tell the board definitely what its job is. Subsection (b) is:

> to market from time to time all wheat or contracts for the purchase or delivery of wheat which the board may acquire, for such price as it may consider reasonable, with the object of promoting the sale and use of Canadian wheat in world markets.

So far as I am concerned, that means what it says. It means that you are to sell wheat

with the object of promoting the sale and use of Canadian wheat in world markets; and that involves the selling of Canadian wheat at the world price in order that we may promote its sale and use in those markets. There have been many times when the spread between Canadian and Argentine wheat has been such that it would seem to some that there would be an opportunity of disposing of Canadian wheat if we were prepared to take what the world considers a fair price. While I am on this question of world price, I may observe that in connection with the Ottawa agreements one of the conditions is that the 6 cent preference shall apply only if we are willing to sell our wheat at the world price; and with respect to the inquiries made in the House of Commons in England rather recently as to whether or not they were going to continue to extend the 6 cents preference to us in view of what they thought to be the Canadian attitude in regard to selling Canadian wheat at world prices, at the time the question was raised as to what the world price was, Mr. Hore-Belisha indicated that the world price was the quoted price at Liverpool. So that when we direct the board to dispose of Canadian wheat, for the purpose of promoting the sale and use of that wheat in world markets, we must be prepared to take what is regarded generally as a fair price for wheat. Subsection (c) of section 8 is:

> to sell and dispose of stocks of wheat and contracts for the delivery of wheat acquired from Canadian Cooperative Wheat Producers Limited and the wheat represented by such contracts as speedily as may be reasonably possible, having regard to economic and other conditions.

That does not mean that we are to hold wheat indefinitely or add to our stocks of wheat by buying; it means, so far as I am concerned, to dispose of our stocks of wheat as speedily as may be reasonably possible. No one is talking about a fire sale; the endeavour is to get rid of our wheat, making the objective of our activities the reduction of the excess rather than the increasing of it. I believe that these sections will commend themselves to the committee of the whole as they did unanimously to the special committee.

Subsection (j) is:

> to offer continuously wheat for sale in the markets of the world through the established channels: Provided that the board may, if in its opinion any existing agencies are not operating satisfactorily, take such steps as it deems expedient to establish, utilize and employ its own or other marketing agencies or channels.

That again is another indication to the board of what parliament desires with regard to the carrying out of its duties. Now these, in my opinion, are two substantial changes with respect to policy which are made in this bill, and I submit that they are farreaching and should commend themselves to the committee and to the country. I will not at this time discuss the question of responsibility. What we are trying to do is to deal with the situation as it exists. The next point that comes up, and one to which I will not direct very much attention, is the point with regard to the minimum price. I may say frankly—and here I am speaking to my western friends—that it did seem that perhaps this provision for a fixed price and a participation certificate might be regarded as erring on the side of adequacy—let me use that word. But thinking the thing over, I feel that Canada has this obligation. This accumulation has piled up and we have a special situation to deal with, and I can only hope that the board will have wisdom and judgment to be able to satisfy the western producer and at the same time to do justice to itself in relation to its responsibilities. I am prepared to concede that there be a fixed price and that at the same time there be a participation certificate, so that if the board succeeds and its operations are profitable any profit may be distributed to the producers.

Mr. KENNEDY (Peace River): Is there any provision in the bill that ensures that the minimum price will be a fair price?

Mr. RALSTON: My hon. friend can read the bill as well as I. The provision is that there shall be a fixed price.

Mr. KENNEDY (Peace River): I ask the question because my hon. friend has said something about a fair price. My question is this: Is there any provision in the bill, except a hope, that the minimum price shall be a fair price?

Mr. RALSTON: The words "fair price" are not used in the bill. The provision is that there shall be a fixed price, a price fixed by the board and approved by the governor in council; and I expressed the hope that the board would be able to fix a price fair to the producer, at the same time doing justice to its responsibility in the discharge of its duties imposed upon it under the act. I realize that the board has a difficult task; I realize also that my hon. friends from the west are faced with a difficulty. I am discussing practical difficulties. At the same time, if my hon. friends from the west will permit me to say so, when I spoke as I did I wanted them to feel that the east—at any rate I am speaking as one from the east—while realizing the difficulties felt that there

was a great measure of adequacy in this provision for a minimum price plus a participation certificate; and I am sure that if the fishermen of the east, the lumbermen, the cattlemen and the buttermen of the east had the same provision some of them at least would be exceedingly happy.

An hon. MEMBER: And the west too.

Mr. RALSTON; My hon. friend is quite right—the west too. But it is because of the situation that exists, which I in common with everyone else in the house wish to see remedied, that I am in favour of this provision and will give it my support.

And now I come to the final point. In view of the very adequate provisions of this bill—some of my friends shake their heads, but in my view it is a pretty comprehensive bill—I for one feel, and I so expressed myself in the committee, that we ought to deal with the situation as an emergent situation and should not tie anyone down forever to a permanent policy with regard to Canadian wheat. This bill on the face of it and without some reservation of some kind indicates that the Canadian government is going into the wheat business unless another parliament takes positive action to repeal the act.

Mr. BENNETT: It is not suggested that one parliament can bind another.

Mr. RALSTON: I thought I made myself absolutely clear; I do not know why the right hon. gentleman should interject that remark. The very fact that I said that this bill is to be in force until another parliament repeals it is evidence that I do not think for a single instant that one parliament binds another and that a subsequent parliament cannot repeal this act. But I am saying that it seems to me that we should not in the dying days of this particular parliament decide on a permanent policy for Canada when the policy we are adopting is being dictated to a large extent by the emergent situation in which we find ourselves having regard to that accumulation. Other emergency bills, as I am reminded, have been limited to a year. For instance, the relief acts were passed year after year, made to expire, and unless renewed, expiring entirely. Those are emergent measures. I submit that this is an emergent measure due to the situation in which we find ourselves, and to some extent perhaps an experiment, one which will have to be tried out in order that we may find out whether it is the best for all concerned.

There are three classes of people who are concerned in connection with this legislation: first, the customers, who fear a monopoly. If we indicate to the world now that we are labeling this bill as a permanent policy for Canada as far as wheat is concerned, we do not improve our situation with our customers in the world market. They wil at least be reassured if we put some limitation on this bill to indicate that it will expire at a certain time unless it is further extended. Second, the taxpayers will accept in the name of an emergency many things that they will hesitate about if they are regarded and imposed as a matter of permanent policy. Third, last and most important, it seems to me that the producers themselves might well wish to reconsider this matter at the end of one or two years. It may be that a fixed price will prove a deterrent to the commercial trade and at the same time may not give the producer a fair return. In other words, with the government seeking to back this legislation and with the board making a fixed price, the trade may feel they are out of the situation; and if the minimum price should not be regarded as sufficient, the result will be that the producer loses entirely the benefit of the trade competition, the advantage of the marketing connections which the trade has in the markets of the world and the benefit which an active, vibrant, self-reliant trade could bring about in the way of increasing prices.

Before this bill comes out of the committee, I think the Prime Minister (Mr. Bennett) who is in charge of the measure, should reconsider the proposal made to him in the committee and insert some clause in the bill to indicate its nature, namely, that it is an emergency measure; that it is for the purpose of dealing with the situation in which we find ourselves; that it is to bridge the gap; to provide, as suggested in the committee, that the bill should be in force for one year, giving the governor in council power to extend it for a second year and providing at the end of that second year that it should automatically lapse unless it is further extended by parliament. That is the feeling which I have with regard to this matter.

There are one or two other points to which I should like to refer when we come to the particular clauses of the bill. I believe if the government could insert an amendment of that kind, it would be possible for us to present an absolutely united front in connection with this measure to deal with the situation in which we find ourselves and after all to attempt to help to make western Canada what we all want it to be, the habitation of a prosperous and contented people, the place where men and women who have endured a good deal during the past

three or four years may be given hope and an opportunity to play the part which they are destined and qualified to play in the development of this dominion, because we all realize—and this cannot be repeated too often—the importance of the great west, and of the wheat producers to the whole of the Dominion of Canada.

Mr. LUCAS: As a member of the special committee dealing with Bill No. 98, I think I am within the judgment of all the members of that committee when I say that we all received a great deal of very useful information from the various witnesses who appeared before us. But in my opinion the greatest justification for the setting up of that special committee was the fact that it enabled the representatives of the pools to place on the official record an absolute refutation of the false propaganda that has been circulating throughout not only this country but the world in regard to the selling policy of the pools, suggesting that the situation facing Canada now in not being able to dispose of her grain has been entirely due to that policy. I will deal with that a little later by means of some of the evidence, and I think it is very important because a strong opinion prevails among a large number of people that the setting up of a government board to take over the handling of Canadian wheat is more or less a continuation of the pool policy, and therefore if that policy were false, then of course a number of people believe the board would be carrying out something that would not be in the best interests of this country.

One point we should bear in mind is that the marketing of Canada's wheat is no longer a local or farmers' problem, but has now become a national one. When one considers not only the importance of our crop but also the fact that the government of every important wheat producing country in the world is giving some form of support to its wheat producers. Canadian farmers can not be allowed to shift for themselves. Another factor in this regard is the value of the crop as it is set forth at page 3563 of Hansard. This gives the figures from 1920 up to the present time, running into not hundreds of millions but billions of dollars, and it shows that Canada is now the largest single wheat exporting country in the world. Wheat is the most important commodity in the export business of Canada, amounting I believe to almost one-third of our export business. When the final chapters of Canadian history are written, I believe none will be more interesting than that dealing with the opening up and development of the great western plains.

[Mr. Ralston.]

I think I am safe in saying that there is no man in the house who is more familiar with the struggles, disappointments, hopes and ambitions of the farmers in trying to get a fair price for their product than is the hon. member for Melville (Mr. Motherwell) who has been out in that part of the country from its pioneer days and who took a prominent part in leading and encouraging the farmers to organize, in order to get a more fair return for their products. Those efforts were not for the purpose of taking from somebody else what was his but to try to get for the farmers themselves that which rightly belonged to them and to give them a fair return for their toil. I am sure nobody can object to that.

I am not going into early history, because the hon. member for Acadia (Mr. Gardiner) when the bill was before the house on second reading gave a very interesting account of the early development of the farmers' movement. We are all familiar with the Canada Grain Act. That act first came into being because of petitions from the farmers and as a result of commissions set up to investigate the problem. Finally the Canada Grain Act was put upon the statute books. Its main purpose was to prevent abuses and protect the farmer. Then came the war, and then in 1919 what was known as the Canadian wheat board was set up. I think it is fair to say that when the 1919 wheat board was established there was a good deal of antagonism among the farmers because there was a belief largely prevalent among them, whether or not it was erroneous, that this wheat board was not established for the purpose of getting the farmer more for his wheat but of stopping the price of wheat from going up. However, when the year was finally closed the results were so satisfactory, as well as the handling of the wheat during that period, that there was a complete change of attitude, and a great effort was carried on in the succeeding years to have the 1919 wheat board reestablished. In 1922, a measure was passed in this house providing for the establishment of a wheat board. We are all familiar with what happened. While agitation for a new wheat board was being carried on, the Saskatchewan government appointed a commission under James Stewart and F. W. Riddell to look into the matter and report. The first question that this commission was asked to decide was as follows:

> Is it possible for any kind of pool comprising less than the whole of the western wheat crop to market the crop to the same advantage from the producers' point of view as a system of national marketing of the whole crop by a Canadian wheat board?

In answering that question they had this to say:

During the early months of the season, when a large volume of wheat is offered for sale, there is a natural decline in prices. This system of competitive selling permits of no intelligent regulation of supplies of either the farmers' wheat or that owned by the elevator companies. To the extent, therefore, that the marketing of wheat outside the limits of the pool is continued, on this basis, the marketing of the wheat within the pool would be affected detrimentally. Therefore the object of the pool, which would be the stabilization of prices by a more even distribution of supplies, would be adversely influenced.

There is hardly a favourable basis of comparison between the advantages accruing to the producer of wheat through a pool under national control, and any other form of pool attempting to control an unknown portion of the crop in competition with the balance of the crop in an open market. It is perfectly obvious that under a system of national control, where only one seller exists, and buyers are numerous, the advantage in trading is with the seller.

Now, when the farmers could not get the government wheat board reinstated, they determined to handle their own wheat, and organized the pools. The operation of those pools in western Canada brought satisfaction not only to many farmers, but to the general business of the country. It relieved the farmer of the worry of deciding when he should sell, and I think any hon. member from western Canada will agree with me that it is very difficult to know when to sell, with the market fluctuating each day and no stability, for it must be remembered that the farmer gets only one crop and when it is sold that is his only chance of getting a return for that year. By the wheat pool he was given an initial payment, and following that he received interim payments which enabled him to carry on his business, and at the end of the year when the crop was all sold he knew he was going to receive a fair average price. For my own part I sold wheat to the pool from the very beginning of its organization, and I am still selling wheat to the pools. I understand that the banks and the business men were well satisfied, because the farmer had money distributed to him through different periods of the year, and so was able to finance much more satisfactorily.

However, when those pools were organized they came into conflict with the organized grain trade. It is just as natural as can be that that trade, seeing some of its business likely to be taken away, set out to oppose the pools. This was done by circulating all kinds of propaganda against the pooling method.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. LUCAS: When the committee rose at one o'clock I was dealing with the fact that when in 1921 and 1922 the producers could not induce the government to reestablish a wheat board similar to that of 1919 they decided to organize themselves as voluntary pools, and endeavour to sell their own wheat. In doing this they had to face the opposition of the organized grain trade. At page 209, of the evidence, we find that Mr. Brouillette stated:

There is another point that I think you as a committee should satisfy yourselves about before you go out of your way to make changes on the supposition that there is something of such importance in this open market that would warrant keeping it operating. There have been a lot of charges. You take the first year we started to operate the pool when the market price was $1.49—$1.51 on August 2, 1929. We continue on operating. We make a dollar initial payment. We decide some time in March or April to make our first interim payment. The 2nd or 3rd of March the open market is $2.05 and a fraction. Unfortunately, we decide on making an interim payment of 35 cents. That brings your total payment up to $1.35. Inside of a month the price on the Winnipeg market goes from $2.05 and a fraction down to $1.38⅜ on the 2nd or 3rd of April. Then within a month following that it rebounds up to around $1.70.

Hon. members will observe that there was in this instance a drop of 67 cents a bushel in the market price of wheat in one month and I think all hon. members will agree that that drop was not due to world causes, because within a month the price rebounded back again. While it may be difficult to prove I am satisfied that there was an actual attempt made by the grain trade not only to embarrass the pools but to praticially put them out of business. Our pools began operating first in Alberta in 1923, and in Saskatchewan and Manitoba in 1924. They had only got nicely into their swing when in August of 1925 the market price of wheat had reached $1.51. At that time the pool set its initial price at what was considered to be a safe figure of $1 per bushel. On March 4, the market price was $2.05⅞, and the pool deciding to make an interim payment to their customers had their cheques written out when the price dropped 67 cents, or from $2.05⅞ to $1.38⅜. The fact that the pools had made an initial payment of $1 and announced an interim payment of 35 cents put them in an embarrassing position: When the market price came down to $1.38 the pools found themselves in difficulties with the bank due to the fact that their credit was gone, because they were supposed to keep a margin of 15 cents a bushel. How-

ever within a month's time the market price rebounded to $1.72⅞. The only thing that saved the pools was that before they had their cheques sent out the tremendous drop had taken place and in order to protect themselves they withheld the cheques which had already been made out from the producers. That is one place where the exchange made a mistake. They brought about the drop in price too soon. Had they waited until the cheques had gone out to the producers they certainly would have placed the pools in an awkward position.

The statement has been made that the policy of the pools antagonized foreign buyers and for that reason they are responsible for the carry-over. In this connection I shall quote from the evidence of Mr. Milner, president of the Winnipeg grain exchange. At page 66 of the evidence he is reported as follows:

Q. Well now, is there any other cause you want to mention as an example of past experience in centralized control; or, have you any in mind—A. I have the Canadian pools.

Q. Well, what do you mean by that, just explain that—A. Well, the result of their operations was a large carry-over.

That is the propaganda that has been broadcast throughout the country until it is firmly believed that the pools were entirely responsible for this large carry-over. I believe it is fair to say that if the pool policy had created antagonism and they were unable to sell, it would have shown in the amount of wheat held by the pools and the trade. What are the facts? I turn to page 208 of the evidence and find that in answer to questions by Mr. Ralston Mr. Brouillette gave the following evidence about carry-overs.

Q. We ought to know?—A. Yes, we should know. I think this is the best proof we can get of it. Our Mr. Bredt, who will be appearing before this committee, will go into more detail; but for the four years when we were operating on the largest scale, 1926, 1927, 1928 and 1929, the total deliveries of grain in the three western provinces were 1,455,252,835 bushels. The percentage of that total delivered to the three pools was 755,719,373 bushels, or 51·9 per cent of the total. The total carry-overs at the end of each year for that period of four years was a total of 402,000,000 bushels. Now, if we sold more or less of our share in that period it would show up in our share of the carry-over, would it not?

Then, following further questions the witness stated:

The Witness: Yes, the pool's share of all that —that is what we carried at the end of each year, totalled for those four years on the same basis as the figure above referred to was 170,000,000 bushels, which was 42·3 per cent, and we were entitled during that period to 51·9 per cent, to have carried our fair and equal share on that basis.

[Mr. Lucas.]

Dealing with the same question of carry-overs Mr. Bredt is reported at page 236 of the evidence as follows:

The Witness: In 1929-30, the Canadian carry-over again was 127,000,000 bushels. The pool share of that carry-over was 50 per cent, and the pool handlings in that year of the total were 51·3 per cent. It is rather a coincidence that the carry-over of the pool handling and the total are identical; that is, 127,000,000 carry-over and the pool handles 51·3 per cent. Does this indicate that the pools were responsible for the large carry-over? They had 41 per cent in the one year, 50 in another; they handled 51·3 per cent. Now, surely they cannot be accused of not selling, withholding, refusing to sell or holding up the price, because if they had, they would not have sold so much. They sold more, comparatively, than the trade did. They only held 41 per cent of the carry-over in the one year when they might have held off 50; and in the second year they held 50 per cent and they handled 51·3 per cent.

I believe those figures should set at rest for all time the allegation that the pools were responsible for the carry-over.

Then, again, there was a story circulated that when the Hon. J. H. Thomas, a minister of the British government came to Canada he communicated with the pools and tried to make negotiations for a large quantity of wheat, but that the pools had refused to sell.

I want to deal with that for a moment. It will be found on page 221 of the evidence, where I asked this question of the witness, Mr. Brouillette:

Q. Some time ago there was a statement circulated widely in the press that the Hon. J. H. Thomas, minister in Great Britain, had come before the pools and made an effort to buy a large quantity of wheat, and the pools refused to sell to him. Is there any truth in that statement?

The answer was:

There is no truth in that statement whatsoever. If there is any wide circulation of such misunderstandings in this country it might be worth while to read from our records covering exactly that situation.

Further on this same witness said:

Aside from speaking from this record, I was present at the conference at the time the Hon. Mr. Thomas met our central board, if not the executive. This was in September, 1929.

Now I wish to put this statement by the Hon. Mr. Thomas on the record. The evidence continued as follows:

Q. Hon. J. H. Thomas?—A. Yes.

At the request of the British government, conferences were arranged with the right honourable J. H. Thomas, Lord Privy Seal in the British Cabinet, and representatives of the wheat pools on September 2nd and 3rd, 1929, at Winnipeg.

Discussions took place on the possibilities of facilitating the interchange of commodities

between Canada and the United Kingdom, having regard in particular to the desirability of ensuring an even flow of outward and return cargoes between Canada and the United Kingdom.

At the first conference with wheat pool officials, it was evident that Mr. Thomas was under the impression that the Canadian wheat pools had been refusing to sell wheat at prevailing prices. The situation was fully explained to him and Mr. Thomas expressed himself as quite satisfied that the Canadian wheat pools were anxious to dispose of their wheat, and were freely offering it to consumers at prevailing prices. When quoted some months later as criticizing the policy of the pools, Mr. Thomas, in an official interview, sent to the Canadian Press by the British High Commissioner, made the following statement:—

My attention has been drawn to comment in Canada upon a statement made by me in the House of Commons on the 1st of April. The suggestion that the statement was based upon any feeling that the pool had been attempting to hold up wheat is wholly baseless. My statement was made in reply to an opposition supplementary question and was based on assurances given me, by you, at Winnipeg in September, that the pool had been anxious to sell at prices substantially lower than those prevailing. I fully accepted these assurances, and welcomed them as evidence of a friendly attitude towards my plans for encouraging more regular interchange of goods between Canada and Great Britain. I trust you will give full publicity to this explanation. As you know, I fully appreciate the difficulties with which the pool has been confronted, and I earnestly hope the situation may soon rectify itself to the advantage of both countries.

I quote that because only last week I was talking to a business man in Ottawa who referred to this very question, that the pools had refused to sell to Great Britain when Mr. Thomas was trying to negotiate with them. The statement also was made that placards were displayed on delivery wagons in London advising against using Canadian flour. This has also been refuted. It has also been claimed that the pools held the price above the market and of course therefore could not sell, but what are the facts? I want to call the attention of hon. members to a table that appears on page 282 of the evidence, exhibit "C" which absolutely refutes that charge. It was filed by the witness, Paul T. Bredt, Canadian Cooperative Wheat Producers Limited, and gives the export offers and comparison with market prices for July, August and September, 1929. Here is the summary of that table. Out of 76 market days the pool offered wheat below the market on 52 days and sometimes over 6½ cents a bushel below the market; on 14 days out of the 76 it offered wheat over the market; on 2 days at the market, and on 8 days there were no offers. A study of this table is most illuminating and absolutely refutes the statements, that the pools held their wheat above market prices.

It was also claimed that because of this supposed antagonism against the pools they were unable to sell their fair share of wheat in Great Britain and in other markets. What are the facts? At page 261 evidence will be found to this effect. The total Canadian exports to Great Britain are given, and the pools' share of those exports. In 1926-27 the total of Canadian exports was 62,979,000 bushels; the pool's share was 50,152,000 bushels, a percentage for the pool of 79·8. In 1927-28 the total Canadian exports were 67,430,000; the pool's share was 36,181,000 or a pool percentage of 53·7 per cent. The 1928-29 total was 69,895,000 bushels; the pool's share was 34,665,000, a pool percentage of 49·8. The 1929-30 total was 43,214,000, the pool's share was 22,980,000, a percentage of 53·2.

I hope, Mr. Chairman, that with those facts before us the charge that the pool has been holding up prices and has refused to sell and has antagonized foreign buyers will be disposed of for all time.

I am in favour of Bill No. 98, to establish a Canadian grain board, but I would have much preferred to have seen sections 9, 10 and 11 as part of the bill rather than to become operative only by order in council. Those clauses 9, 10 and 11 are of course the ones which it was claimed would put the grain exchange out of business, and that there were compulsory features in connection with them. It was claimed that the farmer would lose a great deal of his freedom. I think, Mr. Chairman, that the farmer fully understands this question, and that so far as his freedom is concerned it is very limited. So far as prices are concerned, the farmers all know that prices are sent out twice each day, formerly by telegram but now by radio, and it is upon these prices that the farmer is paid and the same price is sent to all elevators. So far as taking away liberty is concerned there was nothing in those clauses had they become operative to prevent a farmer selling wheat any day he liked, to any elevator he liked. The competition in services would have been the same. Talk about the farmer's freedom! About the only freedom he has left is to draw his grain to the elevator and there his freedom ceases, and when his grain has been dumped down the chute he kisses it good-bye so far as he is concerned.

The producers feel that speculation on the market is not in his best interests. I would like to read a quotation from E. A. O'Neal

which is found at page 185 of the evidence, but time does not permit. Mr. O'Neal appeared before the agricultural committee in the United States and dealt with this question very effectively. He points out that it appears that the Exchange can only carry on when special licence is given to what he calls the big boys, and while speculation may boost prices it also depresses prices.

It has been admitted that the futures market cannot carry on without the speculator, but to-day the speculator is gone; that is the small speculator that is necessary to carry on this market. It has been admitted on all sides, and evidence before the Stamp commission also brought out the fact that the majority of these speculators lost money. I want to ask this question: Is it fair to encourage these people to speculate when they are sure to lose their money? From what I know of the farmer I would say that he does not want to get a price by this means if in so doing he is robbing those who can ill afford to lose. It is an unsound foundation upon which to base prices. It is common knowledge to everyone that in this futures market bear raids are sprung periodically, and the small speculators of limited means are closed out and many of them ruined. In addition a lot of farmers' grain is sold on these severe drops in the market. That is not only a serious thing to the farmer, it is a serious thing to the country. As I stated earlier in my remarks, a farmer has only one crop of wheat in a year and he depends upon the return he receives from that crop to carry him through. When he is forced to sell on a low spot it means a reduced standard of living for the rest of the year.

A lot of people think that the wheat market is similar to the stock market. I have no objection to a man speculating in mining stocks or in shares of other concerns. When the price of automobile shares, for instance, goes up on the market there is no change in the price of automobiles or the rate of wages paid. A speculator on the wheat market is permitted to sell future wheat without owning or controlling one bushel while a speculator on the stock market can sell only shares which he has borrowed from the owner and which he can deliver when called upon to do so. The price of foodstuffs of the world should not have to depend upon speculation in futures. I cannot imagine a manufacturer standing for a situation whereby hundreds of automobiles could be dumped on the market by speculators who did not have one automobile and the price depressed. Yet that is the situation with which the farmer is confronted.

[Mr. Lucas.]

It has been said that there is no public opinion for a national wheat board, a compulsory wheat board or anything of that nature. I have not time to quote all the resolutions which have been passed in this connection but the attitude of the organized farmers of Alberta is well known and was placed on Hansard a few days ago by the hon. member for Acadia (Mr. Gardiner). I would refer hon. members to the Western Producer of June 20, 1935, which contains a whole page giving particulars of resolutions which were passed by various organizations in favour of a wheat board during the period from 1930 to 1935. The first I will quote refers to a resolution passed on April 14, 1931, by the Manitoba legislature, not a farmers' organization, and reads:

> The Manitoba legislature unanimously approved formation of a wheat board similar to that of 1919 last Tuesday. Without a division the legislature went on record as favouring such a board, which would set minimum prices and carry the western farmer through the present period of depression.
>
> J. R. Griffiths, government member for Russell, moved that the legislature favour the forming of a wheat board along the lines of the 1919 board. There was no debate on the motion and immediately after Mr. Griffiths' motion was introduced it was unanimously approved.

The next article refers to Saskatchewan and reads:

> Falling in line with recent action of North Battleford, the Saskatoon city council on January 30 approved a resolution suggesting to the federal government that it give consideration to a request from argicultural interests to establish a national wheat marketing board.

The next article is dated March 9, 1933, and reads:

> Delegates to the annual convention of the Saskatchewan Association of Rural Municipalities passed a resolution, unanimous but for two votes, asking the dominion government to set up a national marketing board on which producers would be adequately represented, to control sale of Canada's entire 1933 crop.

The next is dated March 30, 1933, and reads:

> The report of the special committee on agricultural relief was received by the Saskatchewan legislature and referred to the government. Among the committee's recommendations was one supported by all the members favouring establishment of a national marketing board.

The next is dated March 7, 1935, and reads:

> The Alberta legislature last week unanimously adopted a resolution welcoming Premier R. B. Bennett's announcement that a national wheat board is to be formed.
>
> By an overwhelming vote of 53 to 1 the Alberta legislature endorsed government's support of the federal marketing legislation.

We must recognize that this action is necessary because of changed conditions. Every important wheat producing country in the world has had to adopt measures of a similar nature. It has been said that the refusal of the pools to sell wheat has lost us our markets, but I should like to refer to the evidence of Mr. McIvor, which appears on page 376 of the proceedings, as follows:

Let us examine the situation in France, Germany and Italy. From 1924-25 to 1928-29 these countries imported an average of 215 million bushels annually. From 1929-30 to 1933-34 these countries imported an average of 95 million bushels—an annual reduction of 120 million bushels in the latter period as compared with the former.

Let us look at the situation last year. France, Germany and Italy imported a total of 26 million bushels. Germany, in fact, became a net exporter of approximately 5 million bushels. What has this situation meant to Canada Assuming that we received 40 per cent of the imports of these three countries prior to 1929-30 (a moderate percentage) a market was afforded for about 85 million bushels of Canadian wheat. Last year if we had secured the entire market of these three countries (and we did receive a very large share) we had an outlet for only 26 million bushels. This is one phase of the export problem which must be realized.

The former demand for our wheat does not exist. We might as well be frank about this matter. Mr. James Richardson stated in his evidence that last year he visited all the important countries of Europe and after visiting Germany he decided that there was very little business to be done. He said that he secured his money but that others who had sold later had not yet been paid, and that there was practically no market for our wheat in either France or Italy. I want to take this opportunity of saying that I believe that the stabilization efforts carried on by Mr. McFarland have been of tremendous benefit to the farmers of western Canada. I think the government should receive some measure of congratulation for supporting Mr. McFarland. All the witnesses who appeared before the committee admitted that if there had not been some form of stabilization, prices would have been very much lower. Last October 18 million bushels of wheat were dumped on the market inside of three days. The president of the grain exchange was not as frank as we would have expected in giving evidence in this connection as upon cross examination he could not remember anything about this incident although it was a very serious event in the life of Canada. I think it is safe to say that most of the papers carried headlines on this matter, and nearly everyone was familiar with it, yet after referring to it in a written statement the president of the grain exchange could not remember anything about it when he was being cross examined.

There is one other point to which I should like to refer. It is sometimes thought that low prices mean increased consumption, but I should like to refer to the evidence of Mr. McIvor, as appears on page 363 of the proceedings. Mr. McIvor, quoting from a speech made by Mr. McFarland before the Canadian Club of Winnipeg on April 11, 1935, said:

The lowest price in over 400 years occurred in the season 1932-33, and Stanford university shows the world consumption of wheat in that year of record low prices was less than in either of the two preceding years, and was only a few million bushels greater than the disappearance of last year, which is clear evidence that record low prices did not increase world consumption. It is also a proof that there is a saturation point, even for the most essential product.

There is one important fact which many people appear to overlook and that is, "Exports increased by reason of price sacrifice," do not all go into immediate consumption, but also go to create increased reserve stocks, visible and invisible, in some other country.

Mr. ROBERGE (Translation): Mr. Chairman, when Bill No. 98, now under discussion, has been amended in the manner that I shall suggest, it will certainly be the best measure the government has ever presented to the house. At the close of my remarks, I shall submit an amendment the effect of which will be to give to the farmers of all provinces bonuses similar to those that the government grants to the western farmers.

That does not mean that I am opposed to the government spending money to help the western farmers. On the contrary, I think governments never do enough for the farmer, and in order that the country might emerge from the present depression we must begin by helping the farming class instead of spending millions on the militia.

Last winter, at the beginning of the session, the right hon. the Prime Minister (Mr. Bennett) received a large number of petitions from farmers of the province of Quebec asking him to bonus certain of their products or to have the government take control of their marketing, as it did for western wheat. I myself have received many petitions from farmers of my county and of the new county known as Mégantic-Frontenac. I shall read to the house the petition I transmitted to the right hon. the Prime Minister on January 22, 1935:

Mr. Prime Minister,

Whereas one of the chief causes of the present unfortunate position of the farmers of the province of Quebec is the low price of their products; and

Whereas the remedy to the situation would consist in the government:

1. Fixing a minimum price for farm products on the following basis: Butter, 30 cents per pound; cheese, 15 cents per pound; eggs, 20 cents per dozen; pork, 10 cents per pound; potatoes, 50 cents per bag;

2. Granting to dairy farmers an export bonus of 5 cents per pound on cheese and 10 cents per pound on butter;

The undersigned believe that with these minimum prices and this export bonus the agricultural situation, which is the foundation of our economic system, would appreciably improve, with resultant advantage to the general business situation of the country.

We therefore respectfully ask you to bring down the necessary legislation to give effect to our request.

To this petition I joined the following letter:

Allow me to transmit to you a petition from the farmers of the parish of Thetford Mines, county of Mégantic, requesting either a bonus or fixed prices on products such as butter, cheese, eggs, pork and potatoes. These farmers claim that you have granted to the western farmers a special bonus of 5 cents a bushel on wheat and I believe that the province of Quebec should enjoy similar treatment.

Hoping that I may be able to transmit a favourable answer to the petitioners and assuring you of my highest regard, I am,

Yours very truly,
Eusèbe Roberge,
Member for Mégantic.

This letter was addressed to the right honourable the Prime Minister, from whose secretary, Miss Bérubé, I received the following answer:

The Prime Minister has instructed me to acknowledge receipt of your letter to which was attached a petition from citizens of Saint-Alphonse-de-Thetford-Mines, asking the government to establish a minimum price for farm products and to grant an export bonus on butter and cheese.

You may rest assured that the matter will be seriously considered by the proper authorities.

Believe me, dear sir,

Yours very truly,
M. T. Bérubé,
Secretary.

My colleague, the hon. member for Drummond-Arthabaska (Mr. Girouard) has also received many similar petitions. On April 9, 1935, he spoke in this house as follows, according to Hansard, page 2568:

The farmers of my constituency—and those of Quebec generally—have signed a petition addressed to the Prime Minister of this dominion, asking the government to fix a minimum price for a number of products and to establish an export bonus on butter and cheese. As this petition is very important, perhaps the house will allow me to quote it. After describing their unfortunate plight, these farmers requested the government, in January last, to fix—

[Mr. Roberge.]

... a minimum price as follows on the following products: butter, thirty cents per pound; cheese, fifteen cents per pound; eggs, twenty-five cents per dozen; pork, ten cents per pound; potatoes, fifty cents per bag.

You will observe, Mr. Chairman, that the farmers who signed this petition are very moderate in their claims.

What was their surprise then at seeing the resolution moved by the Prime Minister in this house on the 4th of March last. They had expected it to include some of the farm products of the other provinces. The resolution, which I find in the orders of the day, read as follows:

March 4—The house in committee on the following resolution:

That it is expedient to bring in a measure to establish a board to be known as the Canadian Grain Board with power to purchase, receive and take delivery of wheat, oats, barley, rye and flax-seed, or any one or more of such grains for marketing and to sell, store, transport and market such grains, and to provide for the appointment of such clerks, employees and assistants as may be necessary, and to provide for their remuneration and for the expenses of, and arising out of, the operations of the board.

Mr. Chairman, ever since 1930 the government has been helping the western wheat producers. Here we are to-day with this resolution and a bill before the house respecting all grains, that is to say the production of 50 per cent of the farmers of western Canada. It is well known that not more than 50 per cent of the western farmers practise mixed farming. Therefore, when the government takes over the products of half the farmers of western Canada, would it not be fair and reasonable to include in this bill some of the products of the farmers of eastern Canada, in accordance with the terms of the petitions to which I have just referred? The province of Quebec supplies nearly one-third of the federal revenue and it should therefore be entitled to its share of the bonuses granted to farmers by the federal government. When the government paid a bonus of 5 cents a bushel on wheat, at a cost to the Dominion treasury of $12,720,121, the province of Quebec furnished nearly four million dollars of this amount.

I will be told, Mr. Chairman, that the supplementary estimates just voted contain an item of one million dollars for the cheese industry. I congratulate the government for this, its first grant to the eastern farmer; but why not place the cheese producer on the same basis as the wheat producer? When the government granted a bonus of 5 cents a bushel on western wheat, they did not say: When the expenditure has reached one

million dollars, there will be no more. They paid 5 cents a bushel on all the wheat produced in the western provinces. Why does the government not do likewise in respect of all the cheese that will be produced, and why does it not pay a bonus on all the butter produced? That would be only fair and just and it would make up to a certain extent for what the province of Quebec has done to help the farmers of western Canada.

That is not all, Mr. Chairman. What has been the cost of the government's venture in wheat? Some say 50 or 60 million, others say 100 million, and of this sum the province of Quebec has to pay approximately one-third, that is to say, about twenty million dollars.

Allow me, Mr. Chairman, to quote the opinion of the hon. member for North Waterloo (Mr. Euler) given at page 3088 of Hansard:

> We have speculated in wheat to the extent almost of hundreds of millions of dollars and we do not know how much we shall lose—possibly twenty, thirty, forty or fifty millions.

I consider that the hon. member has been very indulgent for those who have speculated in wheat, for in view of the large number of bushels of wheat overhanging the market today, the loss will be much heavier. On the same page of Hansard is to be found the following statement of the hon. member for East Hamilton (Mr. Mitchell):

> I have listened to the inquest of the hon. member for North Waterloo (Mr. Euler), but I would ask him this question. What condition would this country have been in had we not gone to the rescue of the farmers in the west when we could hear in the lobby talk about twenty-five cent wheat? What would have happened if we had left all these things go to the wall?

The hon. member for East Hamilton was probably unduly pessimistic, as wheat at 25 cents is too cheap. The price would have been higher.

I shall quote the prices given by the Prime Minister when he spoke on the subject, as reported at page 3565 of Hansard:

Fiscal year:	Average price per bushel
1925-26	$1 51.2
1926-27	1 46.3
1927-28	1 46.3
1928-29	1 24
1929-30	1 24
1930-31	64.2
1931-32	59.8
1932-33	54.3
1933-34	68.1

Had the government not taken over the marketing of wheat, the price would have remained at the average figure, probably 54 cents, the inquiry having revealed that the cost to the government was a fraction over 85 cents. I do not blame the government for the price paid to the farmer; what I do blame it for is the high price of wheat sold for domestic consumption, when it should have been sold at market price and no more.

Here are the prices paid in the province of Quebec for flour and other products, from 1931 to 1935, as compared with those prevailing both before and after the government assumed control of wheat marketing. Baking flour, delivered at stations in the province of Quebec, sold at $2.02½ in 1931 and $2.12½ in 1932. In 1933, when wheat was at 54 cents, flour was selling at $1.60, in 1934 at $1.80 and in 1935 at $2.25.

The reason of the high price of flour in 1935 is that the government took charge of the marketing of wheat.

Bran, in 1931, sold at $1.03¼; in 1932, at $1.18; in 1933, at 75½ cents; in 1934, at $1, and in 1935, at $1.35. Meal, in 1931, sold at $1.03¼; in 1932, at $1.23¾; in 1933, at 80½ cents; in 1934, at $1.05, and in 1935, at $1.40, a difference of 59½ cents. Middlings sold in 1931 at $1.18¾; in 1932, at $1.33¾; in 1933, at $1.05½; in 1934, at $1.20, and in 1935, at $1.60, which figures out at 54½ cents per bag.

The 32 parishes of the county of Mégantic bought at least two carloads a day of these products, and with the average extra price of about 60 cents per bag which we have had to pay, we have, since the government took over the marketing of wheat, paid an extra price of $612 per day, which makes $18,360 a month or $220,320 a year. Therefore, the 65 counties of the province of Quebec have contributed $14,320,800 more than they should have done.

Farmers are not the only ones who buy flour and other wheat products; the workingmen and other residents of cities have had to pay an extra price of 2½ cents a loaf for bread since the government took charge of the marketing of wheat.

There you have, Mr. Chairman, the cost to the province of Quebec of the bonuses paid to the farmers of western Canada. The 5 cent bonus on wheat has cost the country at least 12 million dollars, and the two years of government control of wheat marketing have added another 28 millions for flour and other wheat products only, making a total cost of 52 million dollars.

In order to convince some of my hon. friends who may think I am mistaken, I have obtained five invoices from the Ogilvy

Flour Mills, of Montreal, which is perhaps the leading flour manufacturing company in Canada, and I now lay them on the table of the house.

Mr. Chairman, the government has maintained the price of flour at such a high level that we find ourselves to-day importing flour from various countries, as is shown by the answer of the Minister of Trade and Commerce (Mr. Hanson) to a question of the hon. member for New Westminster (Mr. Reid) given on page 560 of Hansard of February 7, 1935:

Mr. Reid:
1. What quantities of flour were imported into Canada during the calendar year 1934?
2. What were the various quantities from each country?
Mr. Hanson (York-Sunbury):
1. Canada's total quantity of wheat flour imported during the calendar year 1934 amounted to 178,175 barrels.
2. Canada's total quantities of wheat flour imported from various countries, during the calendar year 1934, were:—

Imports from:	Barrels
United Kingdom	105,431
United States	3,338
Alaska	1
Australia	69,380
Hong Kong	25

The government has thus maintained the price of flour at such a high level that Canadian merchants have imported some when all the while the country had on its hands an enormous surplus of wheat it did not know what to do with.

In view of the help given to the west by the province of Quebec on this occasion, I hope our western friends will support the following amendment I am going to move in order that the eastern farmers may receive their just share;

Mr. Roberge moved, seconded by Mr. Girouard:

That Bill No. 98 be amended in the following manner:

(1) That the title of the bill be the following: "An act providing for the establishment and definition of duties of the Canadian Grain and Other Farm Products Board."

(2) By substituting the following section for section 1. "1. The present act may be cited under the title: An act respecting the Canadian Grain and Other Farm Products Board, 1935."

(3) By adding at the end of subsection (1) of section 2 the following paragraph:

"(f) other products of the farm" means in the present act: butter, cheese and maple sugar.

(4) By substituting the following subsection for subsection (1) of section 3:

"3 (1) a board to be known as the Canadian Grain and Other Farm Products Board is constituted; it is composed of three members appointed by the governor in council."

[Mr. Roberge.]

(5) By adding the following subsection at the end of section 7:

"(3) the board may grant a bonus of 5 cents a pound on the sale of each pound of butter, cheese and maple sugar, sold by farmers who have no grain to sell or who do not benefit by the present act in any other way."

(6) By adding the following subsection at the end of section 13:

"(2) the board may also adopt regulations respecting the application of subsection (3) of section 7."

The CHAIRMAN (Mr. Gobeil): Shall I translate the amendment?

Mr. BENNETT: There is no duty cast upon you, Mr. Chairman, to do so. If the amendment is as I understand it, it is wholly out of order, but we can deal with that perhaps later.

The CHAIRMAN (Mr. Gobeil): The amendment will stand for a few minutes until it is translated.

Mr. CHEVRIER: There is an amendment before the committee. It is in French and it ought to be translated at once to enable the committee to continue the discussion.

Mr. KENNEDY (Peace River): If I correctly understood the hon. member for Shelburne-Yarmouth (Mr. Ralston) this morning when he was speaking on this bill, he gave us again that old story about the antagonism to the pools and the antagonism to orderly marketing or anything that looked like an attempt on the part of the farmers of western Canada through the pools or by the assistance of the government to get a reasonable price for their produce. It has been argued again and again—

Mr. RALSTON: Is the hon. gentleman referring to what I said?

Mr. KENNEDY (Peace River): Yes, the words I caught were "starvation and holding up to ransom."

Mr. RALSTON: Those were the words used by the Prime Minister.

Mr. KENNEDY (Peace River): That does not make any difference.

Mr. RALSTON: If my hon. friend will permit me to correct him—he said I had said something about the pools. I do not think he will find, from the start to the finish of what I have said, anything about the pools.

Mr. KENNEDY (Peace River): Well, the same argument has been applied to the pools by the grain trade ever since there was a

pool in 1923. Whether that was said by the Prime Minister or anyone else, it was quoted by the hon. member here to-day, and I presume he accepted it.

Mr. RALSTON: I am not accepting anything. I quoted it for just what it is, a statement by the Prime Minister in regard to the situation which he found existing.

Mr. BENNETT: That is not the whole of it.

Mr. KENNEDY (Peace River): At any rate we are told directly or indirectly, as we have been told ever since 1923 by the private grain trade, that if we were not very careful we would get in bad with our customers in Europe. The suggestion is that the farmers of western Canada did hold up the people of Europe, and that is the reason why there is not the demand for Canadian wheat that there ought to be. Now, if I understand the matter correctly, and I shall quote authorities for my view, just the reverse of that is true. The position of Europe to-day, with its tariffs and so forth, is a result of other conditions entirely. The situation as it has developed since 1925 arose from fear of a deluge of cheap wheat, not because of any attempt of western Canada or other exporting countries to hold up the people who wanted their food products. I have a statement by Sir Arthur Salter, I shall not take time to read it in detail, but in a speech made in England appearing in The World's Economic Crisis and the Way of Escape, he pointed out that if there had been no general depression there would in all probability have been an agricultural depression, because of the mechanization of grain production. Then he went on to point out that while there may be an unlimited demand for general products—a man who has a buggy can use a car and a radio—there can be no such increase in the demand for food products, because no matter how prosperous people may become their stomachs do not become any larger, they do not eat any more. The only possibility of increasing the demand for foodstuffs is by an increase in population. In fact he shows that as people become increasingly prosperous they tend to eat less breadstuffs and more of more expensive foods. That argument appears on pages 26-27 of the book I have mentioned.

Another writer, Mr. G. D. H. Cole, writing on the European agricultural situation, a book published in 1933, has the following to say at page 437:

> Naturally, apart from the complicating factor of external debts, which has been of outstanding importance especially in the case of Germany, the countries which have suffered most acutely as a result of the world slump have been those which rely for the means of paying for their imports on the sale of the agricultural goods and raw materials which have declined most sharply in value. Of all commodities that which affects the largest number of countries is wheat; and it is on wheat above all other classes of goods that attention has been concentrated in the attempt to restore the position of certain of the struggling countries of eastern Europe.

Then at page 440.

> In these circumstances there has been strong pressure from the countries chiefly concerned in the export of wheat to secure a preferential outlet for their surplus in the European markets. These countries want of course not merely a market for their exportable supplies of wheat, but a market with a price substantially above that ruling the world as a whole. For this price, determined partly by the more favourable conditions of production in the new world, and still more of late by the existence of large stocks of unsold wheat which have hung continuously over the market with a permanently depressing effect upon prices, is far too low to enable the peasant cultivators of the European producing countries to exist at a tolerable standard of living above all in face of the heavy burdens of debt by which they are weighed down.

The first statement dealt with the international position; this statement deals with the peasant position. At page 422 he continues:

> Nor is this situation at all surprising in face of the fact that in July, 1931, when the price of wheat was about 12 gold francs a quintal at most, the import duty in Germany had already reached nearly 31 gold francs a quintal. In fact, in those states where domestic wheat growing is important but not on a sufficient scale to meet the entire demand, the home consumers are being compelled in the interests of farmers threatened with ruin to pay exceedingly high prices for the absolute necessaries of life.

If we want perhaps better authority than either of these let us turn to the publication of the League of Nations, issued from Geneva in 1935 on agricultural protectionism. Briefly the story is that after the war when millions of men went back to their homes, migration was no longer possible on the old scale. The need of reestablishing these men was just as great in European countries as in this country. We had to adopt the soldier settlement scheme. There was no opening for all these men in industry so an attempt was made to reestablish them on farms and keep them employed in that way. It is remarkable that it seems so difficult to grasp the fact that it is possible to overproduce foodstuffs. During the war it required the British blockade to bring Germany into submission through a scarcity of food. If it had not been for that, notwithstanding the number of men engaged

in the war there seemed to be ample foodstuffs to keep the whole world going. Then when twenty million men came back and the progress of mechanical invention turned to the uses of peace, there is no doubt that the world should have expected a tremendous increase in production in all lines. This happened in agriculture as well as in other lines, or even more so. Here is what this League of Nations publication has to say on that point, at page 6:

The attached description of the evolution which has occurred since oversea production began to make its appearance on the European market shows what were the origins of agricultural protectionism as practised before the war.

It is unnecessary to recall here how the war, by taking millions of workers from the fields in the belligerent countries just when the armies were demanding more and more foodstuffs, gave an impetus to oversea agricultural production—particularly cereals—the effect of which is still apparent to-day.

For several years indeed after the close of hostilities, Europe continued to import considerable quantities of agricultural products—particularly cereals and meat—her return to her former productive capacity having been retarded by a series of concomitant causes, such as the Russian revolution and numerous agrarian reforms. But directly her producing capacity was again restored about 1925, the balance between supply and demand was broken; prices were already on the down grade, and the full force of the collapse was felt from 1930 onwards.

Exporting countries with a surplus of goods had to bear the full shock of this catastrophe, against which they possessed only one means of defence—a useful means at first, but one which was later to constitute an additional danger—namely, to slow down the marketing of their crops by accumulating stocks . . .

True, the moment is in sight when, thanks to the increasing extension of technical progress, half the agricultural population of any given country will be amply sufficient to supply a demand which, unlike the demand for industrial products, can after all only increase at the same rate as the population itself.

Here is an additional reason, a very important one, why Europe was anxious to rehabilitate her men on the land and keep them there.

But it is clear that no country in which the peasant class plays a fundamental part—and that is the case in almost all countries—can agree to allow this evolution to proceed so rapidly as to produce highly dangerous upheavals. One has, moreover, to reckon with the idea, somewhat obscure but not devoid of foundation, that the farmer for a series of reasons independent of his will, such as atmospheric disturbances or diseases of animals and plants, is exposed to more sudden and dangerous risks than other classes of producers. It will seem natural, then, in the main, that in countries in which the historical development and dominant conceptions in the life of the people demand such an effort, the population as a whole should be prepared to afford special assistance to the agricultural classes—generally in the form of protective duties—and that such help should be considered more and more imperative in proportion as agricultural prices collapse and the depression continues to exercise its effects.

For social, historical and psychological reasons, the preservation of agriculture appears to the majority of countries as an absolutely vital question, and one which cannot be considered as a purely economic problem. The peasant class, which is an element of order and stability and an admirable reserve of energy, forms, at any rate in the countries of the old world, the basis of the social edifice and plays an essential part in reconstituting and rejuvenating the physical strength of generations worn out by life in industrial and large urban centres.

It seems to me that we have here entirely different reasons from those advanced by the grain exchange or arguments advanced either in or out of this chamber, about holding of wheat by the pool and which we have heard in western Canada for the last twelve years. Europe proceeded in a new way to protect its peasant class, its farmers, to protect agricultural prices so that peasants could live, carry on and pay their debts. In addition to that they were protecting themselves against a large influx of imports as against exports because of the recent cutting off of exports of capital from the United States. I have before me a statement concerning the cutting down of capital exports to Germany and other countries about the year 1929. At page 422 of Cole's book I find this:

The effects of this withdrawal of American capital can be seen in the figures showing the import of capital into the leading European countries. In this connection by far the greatest significance attaches to the situation in Germany. In the five years from 1924 to 1928 the total import of capital into Germany is estimated to have amounted to over 3,500 million dollars, of which over 1,000 million dollars was imported in each of the years 1927 and 1928. In 1929 the import of capital into Germany fell sharply to 550 million dollars, and in 1930 to less than 150 million dollars, thus bringing the movement of German rationalization abruptly to an end.

That deals with the general situation. The argument has been advanced however that we ought to have sold more of our wheat in competition with the Argentine, for instance, on the British market. In face of the fact that five western Canadian crops have been sold at less than the cost of production I do not see how we can be accused of holding up anybody anywhere. If we cannot get away from the charge of holding people up when we are selling at less than the cost of production it seems to me that we will have to turn around and find some other way of making a living. We cannot develop the country and we cannot create conditions

which make it worth while for our people to endeavour to carry on until the prices equal the cost of production. After what Great Britain did through the Ottawa agreements in connection with the stabilization of prices and the cutting down of the influx of meat products into that country I cannot believe that the people of Great Britain or its parliament would want to drive a bargain which would mean ruin to the farmer of western Canada. The only people who have said so are those who have associated themselves with the grain exchange; it is an argument of the private grain trade.

Now then, should we have sold against the Argentine? As I understand the situation the Argentine has no granaries, elevators or a storage system. A country which has not a storage system has to sell immediately the crop is off the ground; it must sell as rapidly as possible so that the crop will not rot on its hands. If we were determined to sell our wheat against the Argentine and had adopted no policy of stabilization where would the price have gone? Would there not have been cut-throat competition? Would it not have driven the price lower?—indeed the evidence discloses that when that policy was attempted the price did go lower. Surely on the whole the policy of stabilization was better, and saved us from ruin.

Various estimates have been made as to the advantage of the stabilization policy to the farmers of western Canada, and the figure of 10 cents or 15 cents per bushel has been indicated. I understand the estimate was given to the committee by the assistant manager of Canadian Cooperative Wheat Producers Limited, Mr. McIvor. Various questions were asked regarding the present price of Canadian wheat as compared with the Argentine wheat, having in mind the intrinsic value of both wheats. I believe the statements submitted tc the committee on behalf of Mr. McFarland indicated that there was a difference of 7 or 8 cents. I believe the spread to-day is about 26 or 27 cents. According to the statement of Mr. James Richardson about 16 cents is accounted for,—10 cents per bushel intrinsic value in favour of Canada and a preference of 6 cents. In his evidence Mr. Richardson stated there would have been a good market for Canadian wheat, and that probably another 100,000,000 bushels would have been marketed at from 70 cents to 85 cents. His statement however was rather vague. In another place he stated that a British miller had said he would increase his milling of Canadian wheat at a price 18 cents below the present price. In the light of these statements the 10 cents down would at least be necessary in order to sell the wheat Mr. Richardson mentioned. He does not say it would go into consumption. It is safe to say however according to the information of Mr. Richardson and George McIvor that because of stabilization the difference in price level to-day would be around 10 cents. I submit that if we were selling and forcing this wheat on the world market regardless of the consumer demand we would drive the price down another few cents. I submit that the statement that stabilization has resulted in a benefit of fifteen cents a bushel was not so very far wrong. During the last few years the farmers have been selling wheat, No. 1 at about 30 to 60 cents, an average of about 45 cents at the elevators. About 20 per cent of the wheat delivered and inspected during the last three years, 1932, 1933 and 1934, for which we have records in the report of the board of grain commissioners was below No. 4, and I submit that if there had been no stabilization we would have taken care of the surplus in this way: An amount equivalent to the surplus would not have been worth hauling to the elevators and would have been left to rot on the farm. So I submit it was a far better policy to enter into stabilization, even though it was an arduous task to raise the price and put some value into that wheat. We have exported some six hundred million bushels of wheat during the last few years, and with the ten or fifteen cents a bushel increase, which was still a reasonable price to consumers, stabilization gave us more for that six hundred million bushels than we would have got for the whole of the wheat if delivered at ten cents a bushel less. So I submit that whatever may be said against this policy it has that much to the good so far as the farmers of Canada are concerned, and if it ultimately costs the country something I do not believe it will cost as much as a policy of cut-throat competition would have done, throwing our wheat on the markets of the world.

Mr. GOLDING: Then why not continue that policy?

Mr. KENNEDY (Peace River): I want to continue it. The wheat surplus became dangerous according to reports about 1929-30. The wheat surplus was gradually accumulating from 1924. It did not become really noticeable until we saw those tremendous efforts at deflation, and intense protectionism spreading throughout the world, and the cutting off of credits to Germany and other European countries in 1929 and 1930. The wheat surplus rose from 471 million bushels in 1921, which

was the approximate wheat stocks in important areas in that year, to 904 million bushels in 1931. That was the world surplus, and it went later to over one billion bushels. I understand, Mr. Chairman, that that surplus has been coming down at about the same rate as it went up, and that we are holding in Canada a little less this year than we did last year up to the first of August and a little less last year and the year before, if I remember correctly. So it seems to me that the world wheat situation is not such a hopeless proposition as has been stated. The increases in the surplus went up at the rate of about 40 million bushels a year from 1921 to 1931. They are coming down at about the same rate by decreases in acreage and from various other causes.

I hold in my hand the monthly bulletin of agricultural statistics for May, 1935, and at page 152 is shown the world's visible supply of wheat and flour, and the source of these figures is Broomhall's. The table gives the figures of the visible supply on April 1 for each year from 1932 to 1935, as follows:

World's Visible Supply of Wheat and Flour

April 1, 1932..	595,830,000
April 1, 1933..	577,640,000
April 1, 1934..	532,980,000
April 1, 1935..	445,599,000

From 1921 to 1931 the world surplus piled up, and I have these statistics from the report of the imperial economic committee on the wheat situation, 1931: In 1921 the surplus increased 31 million bushels; in 1922 it decreased 46 million bushels, in 1923 it increased 117 million bushels, in 1924 it decreased 159 million bushels, in 1925 it increased 63 million bushels; in 1926 it increased 69 million bushels; in 1927 it increased 69 million bushels; in 1928 it increased 68 million bushels; in 1929 it decreased 49 million bushels, and in 1930 it increased 95 million bushels. The decreases are as follows: 1932-33, 18 million bushels; 1933-34, 44 million bushels; 1934-35, 87 million bushels. Those figures are set out at page 105 of the twentieth report of the imperial economic committee on the wheat situation, 1931, and later figures issued by the dominion bureau of statistics in its monthly bulletin of agricultural statistics for May, 1935, at page 152.

So I submit that stabilization has been of tremendous advantage and there is no indication that our present trouble is in any way permanent at all so far as I can see, not if we have common sense. I submit therefore that the arduous job has been done and done well, and that we are better off than we would have been if we had followed any other policy that has been suggested as an alternative—better off in dollars. If this country loses some money as a result of this carry-over it at least indicates that the farmers of western Canada have benefited to some extent.

Mr. SPOTTON: To a great extent.

Mr. KENNEDY (Peace River): I want to deal for a moment with the amendments that have been suggested and accepted. The hon. member for Shelburne-Yarmouth (Mr. Ralston) this morning called attention to the bill, paragraphs (b), (c) and (j). If I followed him correctly—he was looking the other way and I did not catch every word he uttered—he called attention to the language of paragraph (b) which says that the board may market wheat "for such price as it may consider reasonable, with the object of promoting the sale and use of Canadian wheat in world markets." Then he referred to paragraph (c), which reads:

(c) to sell and dispose of stocks of wheat and contracts for the delivery of wheat acquired from Canadian Cooperative Wheat Producers Limited and the wheat represented by such contracts as speedily as may be reasonably possible, having regard to economic and other conditions.

And then paragraph (j)

(j) to offer continuously wheat for sale in the markets of the world through the established channels.

The hon. member said that the pool had not a sales policy. He criticized the sales policy as not being a sales policy, criticized the government and the pool acting through John I. McFarland. But as a matter of fact they have marketed since 1930 about one billion bushels directly and indirectly, and about 600 million bushels in the last few years, and they have piled up a surplus of roughly 100 million bushels since 1930. Can it be said that that was holding wheat and not selling it? I do not think that is a fair statement at all. But the dangerous thing is this, Mr. Chairman. I do not know any witness who appeared before the committee and suggested that it would be a good thing to throw this surplus rapidly on the market. I think they were all opposed to it, but the danger is that the country and the world will interpret the hon. member's statement on these clauses as meaning that we are going to dispose of this surplus as rapidly as possible, and I hope that when the Prime Minister speaks on this section he will indicate, as he indicated in his speech some days ago, that they have no intention of dumping the surplus.

Mr. STEWART (Edmonton): When did the hon. member for Shelburne-Yarmouth (Mr. Ralston) say anything of that kind?

Mr. KENNEDY (Peace River): I am saying that his statement is capable of that interpretation.

Mr. STEWART (Edmonton): Please stick to the statement.

Mr. KENNEDY (Peace River): He was contrasting these sections with what John I. McFarland had been doing during the last few years.

Mr. VALLANCE: You are all wrong.

Mr. KENNEDY (Peace River): I hope that when the Prime Minister (Mr. Bennett) speaks he will indicate that that is not the intention of the government.

Mr. SPOTTON: They are always for and against, they are going and coming all the time.

Mr. KENNEDY (Peace River): It would be a disastrous policy.

Mr. RALSTON: If there is anything in my statement which indicates that I said that this wheat should be thrown upon the market, I will withdraw it. But I say to the hon. member that he will find no such meaning in any remark which I made, either in this committee or anywhere else. I said that we should sell our wheat as fast as is reasonably possible, and I pointed out the wording of the section, having regard to economic and other conditions. My hon. friend must not misinterpret my remarks. The Prime Minister did put those words in the bill. The suggestion which I made was that the wheat should be disposed of as speedily as was feasible and that there should be provision in the meantime for stabilization operations. That was changed to provide that it should be disposed of as speedily as was reasonably possible, subject to economic and other conditions.

Mr. KENNEDY (Peace River): If I understood the hon. member, the interpretation he placed upon these sections was that they meant something vastly different to what Mr. McFarland was doing. If I understood him correctly, he interpreted the policy of the government put into effect through John I. McFarland as being one of holding rather than of selling wheat.

Mr. RALSTON: Quite right.

Mr. KENNEDY (Peace River): And this is contrary to that.

Mr. RALSTON: We cannot forever hold wheat, we must dispose of it reasonably.

Mr. KENNEDY (Peace River): Forever is a long time.

Mr. RALSTON: Four years ago we started with 75 million bushels and to-day we have 225 million bushels.

Mr. KENNEDY (Peace River): I am glad the hon. member has made that point because I followed him very carefully and I got the impression that he was trying to indicate that this wheat must go on the market under greater pressure than has been exerted during the last few years. I think he indicated that very definitely. I am against such a policy as I am of the opinion that the wheat has been put on the market as fast as it could have been without bringing ruin to the producers.

Another suggestion was that it should be for one year only. I do not know if that meant that we could get rid of this surplus in one year and I shall not place that interpretation upon it. Notwithstanding the fact that the world's surplus is decreasing and that Canada's holdings are decreasing I do not believe that we can dispose of our surplus in one year. You cannot separate the surplus from the general crop as they must be both marketed in the same market. If we could ship our surplus to China or to Mars, it would be a separate problem to that raised by future crops, but we cannot do that. Our surplus is part of the same problem and it must be handled in the same way. There is a reasonably hopeful situation in the world to-day so far as wheat is concerned as a result of the policies which have been put into effect but I do not think this situation can be cleaned up in one year. As far as I am concerned I am opposed absolutely to any suggestion that this is emergency legislation for one year only.

Mr. CHURCH: Mr. Chairman, like the hon. gentleman who has just taken his seat I would like to have seen the original bill stand. The history of the world is the history of minorities and the history of Canada is the history of compromises. I came into the house about the same time as the hon. gentleman who has just spoken and I can tell him and the other hon. gentlemen who sit opposite that back in the years 1921 to 1926, when the Drury administration was ruling in Ontario a great protectionist newspaper spent a large sum of money to send skilled experts through the west. These experts recommended that there should be public ownership of Canada's greatest asset, the grain growing industry. At that time there were Liberal Progressives, Liberals and Progressives but when the elections came along they were all Liberals. This protectionist paper, the Toronto Evening Telegram, formerly edited by the great battling editor and patriot, John R. Robert-

son, emphasized the fact that grain growing was Canada's greatest industry. They demonstrated that it was not a north and south industry but an imperial industry, as our markets were in England, in the allied countries of France and Italy and the foreign country of Germany. The greatest "carry-over" the poor grain grower is suffering from was the free trade policy of hon. gentlemen opposite.

Where were hon. gentlemen opposite on that occasion? The greatest liability the poor grain grower has to face is the previous policies of the hon. member for Shelburne-Yarmouth (Mr. Ralston), his colleagues and his former allies, the Progressives. We must look at this situation as it is to-day. Facts are facts. I said in 1924 that the best friend of the western wheat grower was the policy of protection. I said:

> The best friend of the western wheat grower is the policy of protection, as that policy has been and should be extended and administered by the founders and soldiers of the National Policy, the Conservative party of Canada. The western wheat grower has eaten the sour grapes of free trade. No wonder the western wheat growers' teeth are set on edge. The western wheat grower has taught himself to believe, or has allowed so-called leaders to persuade him, that wheat growing in western Canada is a continental industry, an industry that must prosper by reason of the admission of the product to the United States market or perish because of its exclusion. I submit that wheat growing in western Canada is the most truly national, the most widely imperial of all Canada's great industries. The markets of the British empire mean more and the markets of the American section of the north American continent mean less to the wheat growers of Canada than to any other class of Canadian producers.

The government is to be congratulated for the policies it has put forth and this will be recorded in history as one of the greatest things ever done. This party has been consistently a grain protectionist party. A further investigation was made following investigations made by the paper to which I have referred and that disclosed that there was bootlegging in Canadian hard wheat, not only in the elevators of Buffalo but in those of Baltimore, New York and Philadelphia. As I say, this government has been very much handicapped when they came into office in 1930 by the free trade policies of the Liberal party and the Progressives and I am glad to see that the Progressives who were formerly under the leadership of Mr. Crerar and Mr. Forke, and they were all real Liberals, have at last come to their senses and are admitting that the grain growing industry is and never was a north and south industry but an east and west and over the sea. and purely British.

[Mr. Church.]

The poor grain grower has had to suffer from the hit and run policies of the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the Liberal party. Did you ever hear of the Argentine selling its wheat with the aid of brass bands? No; there has been too much of the brass band buying and selling policy of wheat asked for by hon. gentlemen opposite.

I commend the Prime Minister for what he has done; it is the most forward step that has been taken in the British empire or the overseas dominion in matters of this kind. In 1924 the Conservatives in this house proposed such a national policy in connection with grain—a public ownership control policy—in buying, selling and marketing of wheat through a public ownership of grain; it was laughed at in the house at that time. I would refer hon. gentlemen, however, to the history of cheap light and power in the province of Ontario. They want to go back to the condition that prevailed with regard to light and power in 1905 so far as the wheat business is concerned. At that time our natural resources were being given away, and Sir James Whitney and others who took the view that he did were described as amateur anarchists and socialists because they proposed to preserve the natural resources and water-powers of the country for the people. We contended that the same principle of protection should be applied to the grain growers, and what did Mr. Drury do? He was head of the national council on agriculture, and on the 2nd of April, 1924 he came here on behalf of that body and presented a memorandum to the cabinet, intimating that protection was an unmitigated evil and that the farmer had been exploited and plundered by those who enjoyed special privileges. They asked to be relieved of the artificial burden imposed upon them and a declaration was made in favour of reciprocity with the United States and the immediate abolition of the tariff. Their demands were all along this free trade line. But Ontario got one obstacle out of the way on June 24—I refer to the so-called Drury Farmers government, as I said in this house on May 5, 1924—though the policy of the Ottawa branch of that party continued to hinder the growth of the country. That party is the worst enemy of prosperity in this country, an enemy to its own supporters engaged in grain growing and other forms of agriculture in Manitoba, Saskatchewan and Alberta. If its free trade policy had been persisted in, and if hundreds of thousands of new grain growers had gone into the prairies as they wanted, creating overproduction, where would Canada have been when the depression came in

1930? Who is to blame for all this surplus production? The Liberals and free trade.

The hon. member for Shelburne-Yarmouth the other night used some strong language which I think was unworthy of him; referring to the leader of the government he used the words "bluff" and "bluster." Well, if there is bluff and bluster anywhere it is to be found in the support now of protection on grain as a policy of the Liberal party to-day. After professing free trade they have been veering round to all sorts of protection, supporting now stabilization, subvention and subsidies and bonuses. After going through the country denouncing the Conservative party as the enemy of the grain grower, what did they say in Ontario? They said that the greatest enemy the grain growers of the prairies had was to be found east of the great lakes in the manufacturers. Let me tell them that the greatest enemy the western grain growers had was west of the great lakes; that enemy was in the grain exchanges, the Winnipeg grain exchange, the elevator combines, the transportation combines and all the middlemen and profiteers who for many years past have had the poor grain grower by the throat. I say, therefore, that if this government has done nothing else to win the support of the people, it will merit that support for the progressive stand it has taken with regard to the nationalization of the grain industry. It has taken a national patriotic stand. There is no doubt that an emergency and a necessity had been created and the government could not have done anything but follow the course it has; it has "hedged" the grain and brought the whole credit of the country to the support of these "hedges" or bankruptcy faced Canada. Every part of the country is interested in the bill, and the other night in my constituency, referring to this legislation, I said that it would forever eliminate the operations of the middlemen, profiteers, the grain and elevator and transportation combines and all the other gamblers in futures who have had a stranglehold on the poor grain farmer. It will remove the middlemen and the profiteers and give the farmers a higher price for their wheat. I said further that the day was not far distant when we would have a national policy in connection with our hard wheat, a milling policy, a policy that would handle our wheat right through this country and mill it in Canada, ship it overseas and place it on the markets of the world. It is fortunate for this country that we have at the head of the government to-day a statesman who has brought about this reform. I have every respect and great admiration for the hon. member for Shelburne-Yarmouth, whom I have known for a great many years; I knew him and his partner before coming into this house. But when the hon. gentleman advocates an inquiry into this particular Canadian cooperative wheat association let me say this to him and to the Liberal party in this house. Years ago they were not so anxious to have a grain inquiry. What did Mr. Crerar do? When the Union government made a strenuous and brave effort in 1921 to come to the support of the prairies, to help the poor grain grower who was being fleeced by the middleman and profiteers out of a fair price per bushel for his grain, where were the Liberals and the Progressives? Let me read what I said on May 5, 1924, in Mr. Crerar's presence in this house:

> It cannot be too plainly stated or too often repeated that the United States is now a relatively small factor in making world wheat prices. Canada is a much larger factor and European markets are receiving large quantities of wheat at lower prices than even Canada is making. Moreover, Canada and other countries are able to produce wheat at lower costs than those ruling in the United States. The wheat council in the United States bases its appeal for a higher tariff upon a showing that costs are much lower in Canada.

Let me read what I said in that parliament on that day of the way the Liberals and Progressives blocked grain inquiries:

> I believe in free trade, especially free trade in grain inquiries. The Progressives and their leaders proved themselves believers in protection, yes, in the worst kind of protection, the protection that surrounded the alleged robbery of the western wheat growers, and protection against an investigation into the workings of that system of robbery. The hon. member for Marquette (Mr. Crerar) and others combined courts and lawyers and injunctions into a prohibitive tariff against inquiry into the methods of the big interests that handle wheat, not excepting the big interests in this country represented by the hon. member for Marquette. I was never an extremist in my enthusiasm for Union government. But the Union government honestly tried to protect the western wheat producer against the big interests. The western wheat producers have fulfilled in their experience with the hon. member for Marquette and his followers in this house, the words of scripture, "A man's foes shall be they of his household." The worst enemy of the western wheat growers is the policy of the Progressive party, its leaders and its representatives in this house. The next opponent of the western wheat grower is the present policy of the Liberal party, its leaders and representatives in this house and in the capitals of the prairie provinces. The best friend of the western wheat grower is the policy of protection.

I have lived to see the day when a policy such as is proposed in this bill has been

brought down. I pointed out at that time that if the policy of the Liberals and Progressives had been followed out the price of wheat would have come down to 50 cents a bushel. It went down to 38 cents in 1934. That was prophecy, was it not? Wheat plays too large a part in the life of Canada to leave it any longer to the tender mercies of middlemen, profiteers and gamblers in futures, and as a social and economic necessity nationalization and direct public control in such an emergency is imperative.

The wheat growers of Manitoba, Saskatchewan and Alberta have more to fear from hon. gentlemen across the floor. The Prime Minister should be most highly commended for the action he has taken in this matter. I do not agree with everything he has done here because, as I say, while I wear the party uniform I will never wear its plush. I am willing to do my duty in the ranks but it will be as a volunteer and not as a conscript. He has made a brave effort to save Canada from bankruptcy, and succeeded.

Where are some of the hon. gentlemen who were free traders and who are now conscripted to support the policy of the Conservative party along the lines of advanced protection? Where is the hon. member for Shelburne-Yarmouth, the free trader from the maritime provinces? When I came into this house and proposed a national coal policy and a policy of protection and of subsidies, bonuses and subventions for the poor miners and for coal, steel and iron in the maritime provinces; when my hon. friend the young labour student from Cape Breton (Mr. Macdougall) on a motion to adjourn the house revealed the starving condition of the poor miners down there, what was the policy of the government of the day? They voted down a resolution of mine for a national coal policy in this country although it was stated at that time that those withering industries, coal, steel and iron, needed aid. What did the Conservative party do while in opposition? They supported that policy and to-day the Prime Minister is moving 2,800,000 tons of coal to the head of the lakes economically. The present Prime Minister has converted a withering industry into one of the most progressive industries in the maritime provinces. The people of Ontario hold out their hands to the people of the maritimes to support protection all along the line. Where was the hon. member for Shelburne-Yarmouth at that time? I think he entered this house on a by-election from Halifax when the late Mr. Mitchell his partner was here also, a gentleman whom I knew welle and respected very much, after resigning. The free trade policies of the maritime Liberals helped to move the head offices of the coal and steel companies and the banks from the maritimes to Montreal with the result that the maritimes were clamouring for commissions to be appointed to carry out investigations all along the line. They got them from this party, the Conservative party. When the prairies were clamouring for protection for their grain, for bonuses and subventions and when they were faced with the present emergent situation with regard to wheat, we had a great leader who met the problems, and the action he took will redound to his credit in the days to come.

I am sorry that there has been any compromise about this bill. It was unfortunate that our leader became sick because, if he had not, he would have had this original grain bill placed on the statute books before Easter, and it would have been a most progressive policy. The day has gone by forever when we shall have any free competition and supply and demand and similar laws applied to this great basic industry of wheat growing the world over. We shall have quotas, stabilization funds and all that sort of thing for many years to come not only in Canada but throughout the British empire. The speculators did everything they could with the market and a bill along the lines of the original one was required. If there was a glut, I can tell you who is to blame for it. The glut was caused by the brass band publication of prices and carry-over. As I said, the biggest carry-over the people in the prairie provinces had was under the free trade policies of hon. gentlemen opposite.

When I was speaking a few minutes ago, I was referring not to the present member for Marquette (Mr. Mullins) whose views are well known; I was reading from Hansard of May 5, 1924, when my hon. friend was not a member for that constituency. Mr. Crerar, his predecessor, was the member for Marquette then; I wish to make that clear. My remark referred to Mr. Crerar who was at that time the leader of the Progressive party in the house and the principal exponent in and out of the house of the grain exchanges and all the agencies that prevented an investigation in 1920-1921 in the Maharg case and he and his colleagues got an injunction. It was hon. gentlemen opposite proclaiming with brass bands the carry-over and prices that caused the glut in the market and forced down the price. Did you ever hear of anyone going out and buying real estate on that principle or a

big business man announcing with brass bands what he is going to do? No. The government did well to provide the credit of the people of Canada in order to save this great basic industry, because otherwise the whole west including its cities and towns would have been bankrupt. Wheat was headed down to thirty-eight cents a bushel, and if it had not been for the progressive policy of this party, the price would have gone still lower. How far down would it have gone had the Progressives and Liberals had their way? Some of them wanted to bring in half a million, yes a million more wheat growers. Sir Henry Thornton proposed a policy to increase wheat growing in the west along the same lines. What would have happened if those free trade policies had been carried out and what would have been the carry-over? The western producers had no finer friends than the people of Ontario and some of their members were here in 1924. This grain board has been needed for four years and I am sorry that it was not created before and action taken.

Canada is the largest wheat exporter in the world and Britain, as I showed in 1924, was the biggest importer. So far as Canada is concerned, this party did more for the grain growers of the west by the Ottawa trade agreements than all parties on the opposite side of the house who were clamouring for reciprocity and free trade with the people of the United States. Now they are talking about inquiries. Let them have an inquiry into Mr. Crerar's grain exchange in Winnipeg. Let them start where we stopped in the 1921 injunction. But I predict that the more you look into this question from a business standpoint, the more you will come to the conclusion that this government did the only wise and sensible thing.

I am sorry there has been any compromise with hon. gentlemen opposite, but in this hot weather one cannot expect the members to stay here much longer. It is unfortunate that we did not have the original bill in its entirety but the responsibility for that is on the Liberal party in this house and out of it who have by the action they have taken in the house and in the committee secured a compromise. As I say, I am sorry there is a compromise, because Canada has had too many of them. As regards the prairie provinces, it would be far better if we did not have these provincial legislatures at all. In Great Britain with a population of 48,000,000 they have only one legislature, but in this country we have nine Balkan states all fighting among themselves whereas their powers should be under the control of this central parliament.

In conclusion I want to thank you, Mr. Chairman. You have presided in this committee a good deal this year, I do not know if you get an honorarium for it, but at any rate you richly deserve it.

Mr. MOTHERWELL: I am not going to spend many minutes on this bill, but I should like first to say a word of commendation of the committee of nine for having worked out so relatively successful a solution of this knotty wheat marketing problem as that embodied in this amended bill. I never saw a perfect bill in my life, and especially in the case of one which is the result of compromise, although that is a policy we all have to follow if we are to arrive at anything like reasonably unanimous or resultant conclusions. What use would it be to thrust this measure into the arena in any other than a compromise form? The government had the power to force the original bill through if they desired; then we should have had a great political conflagration on the prairie which would do no good to anyone concerned. That is why I feel like supporting this amended bill, not as a complete solution of the problem but as an improvement on the old bill and as likely to better the conditions that have prevailed. I welcome the spirit of compromise that evidently actuated the committee all through and I feel like accepting this bill as the best obtainable with the limited time and opportunity at our disposal. Of course if there are further improvements and amendments offered in committee, I reserve my liberty to support them. It will be observed that none of the conflicting interests and parties who gave evidence before the committee are getting in this bill all that they would like to get, but all of them are getting some of their desires, and that is the very essence of compromise. If I were more desirous of continuing a grievance than attaining even a partial betterment of present conditions I also might talk against this amended bill. But that is not my desire; my desire is to find the best solution we can get under the present circumstances, and the only way to get that as I see it is to support the amended bill. No one has the old original bill before him, and no one is advocating the continuation of the present holding policy. It was successful in a degree in its time but I always thought Mr. McFarland was given an impossible task, to stabilize the price to the producer and at the same time sell our full share of wheat at com-

petitive prices with other comparable wheats and no one lose any money thereby. This bill looks to a betterment of such selling conditions, and in this hot July weather, the beginning of the dog days, I do not see why we should continue to argue it; rather let us get along with it. Reserving my right to approve of what I consider further amendments by way of betterment that come from any side of this house I shall discontinue my remarks for the present.

Mr. GARDINER: I shall only take a few minutes in discussing this bill as amended by the special committee. It is not my purpose to follow the argument made by the hon. member for Shelburne-Yarmouth (Mr. Ralston) but I should like to call the attention of the committee to a statement which the hon. member made when he was discussing the budget, which statement has some reference to the exchange of words which took place this afternoon between the hon. member for Peace River (Mr. Kennedy) and the hon. member for Shelburne-Yarmouth. When my hon. friend was discussing the budget last March, dealing with the wheat situation and the volume of wheat held by Mr. McFarland very largely on government account, he made the following statement which I shall read, and let the committee determine the rights and wrongs of the argument which took place this afternoon. The statement is found at page 2116 of Hansard.

Mr. RALSTON: Mr. Chairman, I am perfectly ready to stand by anything I have said at any time but I would point out first that my hon. friend is out of order because he cannot refer to a debate which took place during this session, and second that to-day I was dealing with a specific bill and not with the budget. I do point out that the policy which I advocate is the policy embodied in subsections (b) and (c) of section 8, and which was accepted by the whole committee.

Mr. GARDINER: As my hon. friend takes exception to my quoting from his budget speech—

Mr. RALSTON: No, I am only pointing out that it is out of order. My hon. friend knows the rules.

Mr. GARDINER: Well, in his statement made at that time my hon. friend drew attention to the attitude and policy of the Argentine government as compared with the attitude and policy of this government in relation to wheat. He pointed out that the Argentine had to all intents and purposes cleared out its bins, and had done it through the policy of putting its wheat on the market and getting rid of it. He said that the policy of the present government seemed to be more or less holding wheat off the market, and consequently accumulating a very great surplus. As far as the past policy of the government is concerned I must confess that I am very sympathetic towards it, simply because as a practical grain grower in western Canada, unless the government had done something along the lines they did or put some other policy in its place which would have been equally effective, I do not care to contemplate what the condition of the farmers of western Canada would be to-day.

Now I wish to spend just a few minutes on the bill. When I spoke on the second reading of Bill No. 98 as presented by the Prime Minister I said that I accepted the principle of the bill but that there might be some need for amendment when the bill came before the committee of the whole house. At that time I gave an outline of the efforts of the farmers of western Canada to improve the marketing and handling of grain. I say again that during all my thirty-three years experience in western Canada I do not remember a year when the farmers were not interested in trying to secure a better method of handling their grain. I indicated then the very substantial progress the farmers had made in that regard. Through the various institutions which they brought into being they have been able to remove many of the difficulties under which they marketed their grain. But in recent years the farmer has come to the conclusion that so long as you permit the price of the commodity which he produces to be governed largely by speculative interests he has very little hope of securing a stable market and a stable price for his grain. So far as that point is concerned I am satisfied that 95 per cent of the farmers who produce and sell grain in the west would be very well satisfied to see that speculative element eliminated altogether from the selling of Canadian grain. I see no reason why any producer should permit the product of his labour to be subject to speculation. Just look at the cost, for instance, of the Winnipeg grain exchange. Look at the stately homes which these men have been able to build out of their operations on the exchange. Just think of the costs that are added to the handling of grain by virtue of these organizations being in existence. We farmers of western Canada producing grain desire the most orderly method of handling

grain that the brains of man can devise, but more than that we want to be sure that every unnecessary expense in connection with the transportation and handling of grain from the time it leaves the hands of the producer until it reaches its ultimate destination, namely the bins of millers in other countries, shall be eliminated. We want to be rid of the superfluous cost added to the handling of western grain. I am satisfied that the farmers of western Canada would support any policy which had that object in view. I can assure this committee that that is my earnest belief.

After second reading the bill was referred to a special committee, and along certain lines I believe that committee has done excellent work. It gave interested parties an opportunity to come before the committee and present their schemes. It is not my purpose even to touch upon any of the evidence heard. I should like to observe however that very substantial amendments were made to the bill while it was before that committee and it is to those amendments I shall address myself for a few moments.

If hon. members will turn to the last section of the reprinted bill they will find it reads as follows:

> 17. This act, except sections 9, 10, 11 and 16 shall come into force when assented to and sections 9, 10, 11 and 16 shall come into force on proclamation of the governor in council.

What does that mean? It simply means that the real heart of the bill, the thing that is vital and of real importance, will not become effective merely on the assent of the governor general, but will have to await the pleasure of whatever government may be in power, such government having the power to determine by order in council whether sections 9, 10, 11 and 16 will come into force. That, Mr. Chairman, is the heart of the bill. If those sections are not proclaimed and are not made part and parcel of the bill then I must confess that in my judgment the legislation will be of very little value to the farmers of western Canada. If these sections are not made effective any board created for the purpose of handling wheat or grain will to all intents and purposes be a nonentity. They would have practically no powers to step in and handle the farmers' grain in an efficient manner. It is true that they will function, but provision is made in the redrafted bill that the board may recommend to the government a set price. The government may accept that recommendation and pass an order in council determining that that may be the minimum or set price. There is no question about that. The action taken by a government in that regard would depend entirely on whether it were sympathetic to the legislation. The set price may be below the market price, it may be the market price or any other price. I would not suggest a set price would be above the market price at a particular time, but it is very likely to be below the market price, having in mind the anticipation that when the wheat is finally sold if the set price is less than the market price at the time of the price setting there may be some funds available for participation when the crop is sold. Under those circumstances and knowing the economic pressure being exerted on western farmers, I maintain that if the set price is below the market price, even if the government of the day passes an order in council making the set price below the market price the board will get very little grain to handle unless sections 9, 10, 11 and 16 are made effective. That is so simply because when the farmer delivers his grain his financial position is so precarious he will be forced to take the market price, as he is doing to-day. It will be a state of financial compulsion, not on the part of the trade but brought about by the financial condition of the farmer. If that is so, of what use will the board be in stabilizing or in creating an orderly market when the bulk of the grain may go into the hands of the grain trade primarily because the set price may be a figure below the market price at the time of setting it? Of what advantage would it be? So far as I can see there would be no advantage. If when the governor general gives assent to this legislation sections 9, 10, 11 and 16 are included and become effective, I am prepared to accept the legislation as a reasonable beginning towards finding a better way of marketing western grain. But if we have to depend upon government action to bring these sections into force by proclamation, through orders in council, I say that as it stands the bill is without significance and is of no value to the western grain grower. The decision whether this will be simply another piece of legislation with no real value will depend upon the attitude of the government which may be in power.

I appeal to the Prime Minister to make the necessary change whereby when the legislation passes it may become effective, so that we may know exactly where we stand, and so that the farmers of western Canada may know whether or not the legislation contains any hope or whether that hope is dependent upon the attitude of future governments.

The CHAIRMAN (Mr. Smith, Cumberland): Earlier in the afternoon an amendment was moved by Mr. Roberge. As translated it reads as follows:

That Bill No. 98 be amended in the following manner:

(1) That the title of the bill be the following: "An act providing for the establishment and definition of duties of the Canadian Grain and Other Farm Products Board."

(2) By substituting the following section for section 1. "1. The present act may be cited under the title: An act respecting the Canadian Grain and Other Farm Products Board, 1935."

(3) By adding at the end of subsection (1) of section 2 the following paragraph:

"(f) other products of the farm" means in the present act: butter, cheese and maple sugar.

(4) By substituting the following subsection for subsection (1) of section 3:

"3 (1) a board to be known as the Canadian Grain and Other Farm Products Board is constituted; it is composed of three members appointed by the governor in council."

(5) By adding the following subsection at the end of section 7:

"(3) the board may grant a bonus of 5 cents a pound on the sale of each pound of butter, cheese and maple sugar, sold by farmers who have no grain to sell or who do not benefit by the present act in any other way."

(6) By adding the following subsection at the end of section 13:

"(2) the board may also adopt regulations respecting the application of subsection (3) of section 7."

Obviously the amendment is out of order. It deals with several sections of the bill which are not at present before the committee, and I am bound to declare that in my judgment it is out of order.

Mr. BENNETT: It is a money measure.

Mr. VALLANCE: Mr. Chairman, I have paid a great deal of attention to the discussion that has taken place on the bill that is now before the committee, and I can hardly follow the reasoning of the hon. member for Acadia (Mr. Gardiner) when he says that this board will be almost inoperative unless clauses 9, 10, 11 and 16 of the original bill are included in this bill. If he has read the bill, and I assume he has, I am sure he will agree that any power that was given to Mr. McFarland was given to this board; indeed the board has even greater power, because when it comes to the fixing of the initial payment the board has power to do whatever it chooses. Whether clauses 9, 10, 11 and 16 were in the bill or not, the board has still the same power to set the price, and the fact that these clauses are not in the bill does not mean that the board will act any differently from what they would if they were in the bill. So I do not see very much in that point.

[Mr. Gardiner.]

The hon. member for Camrose (Mr. Lucas) compared the functions of this board with those of the pools. I do not think it is fair to make such a comparison, because this board, to begin with, has the financial backing of the government. It has that financial security; it will not be under the dictation of the banks and subjected to the many other influences to which the pools were subjected. If the fears expressed by the hon. member for Camrose were realized and became a factor in the operation of this act, the board itself would have the power to set aside certain sections of this act which would give the board all the necessary power it required subject to the approval of the governor in council.

All governments and every member of the committee, whether politically minded or not, are agreed that something must be done, and regardless of the political affiliations of the members of the committee I believe that this bill represents the best intentions of the committee to deal with the present situation. We believe we have got something in this bill that can be recommended to this house and to the Canadian people. I will say this without fear of contradiction, that in my opinion there was no political thought in the framing of this bill or in the discussions of the committee, more especially when we got in camera. On the contrary there was a desire, as has been pointed out by the hon. member for Melville (Mr. Motherwell), on the part of all members of the committee to frame a bill that would be acceptable to all concerned.

I listened to the hon. member for Peace River (Mr. Kennedy) this afternoon and I could not follow his logic at all. When Mr. McIvor was giving evidence he said that the cost to the government of the volume of wheat now held by Canadian Cooperative Wheat Producers Limited amounted to 85·9 cents per bushel. Surely my hon. friend is not arguing that the farmer got that 85 cents, because some of this wheat has been carried for three years, and it costs 10 cents a bushel a year to carry it. As Mr. McIvor pointed out, the 15 cents excess that the farmer had got because of the operations of Mr. McFarland was, to use his own words, hypothetical. The question was hypothetical and the answer was hypothetical. I know that all the members in the southeast corner of the house who have taken any part in this discussion are themselves farmers. Are they going to tell me that many of the farmers in Peace River and northern Saskatchewan and Alberta who took less than 15 cents a bushel in 1932 are going to find any consola-

tion in the fact that they have 15 hypothetical cents in their pockets?

There has been some discussion as to the control of production. We are probably all to blame for the extent to which production has increased. Ever since I have been a member of this house the hon. member for Peace River has insistently in season and out of season advocated the building of a railroad out of Peace River, and what would such a railroad have meant to the possibilities of production in that great country from which he comes? He knows, as every hon. member knows who has given any consideration to the problem of lessening production, that there are large areas in the western prairies which are useless for any purpose other than the growing of wheat, and where if the people were not producing wheat ninety-five per cent of them would have to leave that part of the country.

There are other factors that enter into the carry-over of wheat. I think the farmer members who addressed this house before I did will agree with me that if live stock had been at a little better price, or even at to-day's prices, the carry-over of wheat would not have been as great in Canada as it is to-day, but you cannot feed wheat at 45 cents a bushel to 3 and 3½-cents a pound hogs.

Mr. MULLINS: Does the hon. member know that they are 10½ cents on the Toronto market?

Mr. VALLANCE: That is to-day. I said that if prices were what they are to-day a lot of the surplus wheat would have been fed to hogs and cattle.

It has been pointed out that the Argentine must sell her wheat because she has not storage facilities. Is the hon. member for Acadia going to argue that because the Canadian farmer has been so efficient in building up great storage facilities, which he has built and paid for, he shall be crucified on that account? Is that any argument? Why should the Argentine or Australia build more storage facilities to take care of their crop, as we have done, if they can get rid of their wheat? That argument is simply ridiculous.

As one of the members of the committee, having in mind the huge carry-over and the general position in which the wheat producer finds himself in Canada, and having in mind also the larger world picture, this Bill No. 98 in my opinion is one of the best efforts that could be made in the present circumstances, having the whole world picture in mind.

I do not propose to go into the evidence that was submitted to the committee. What are the difficulties that we are facing? I think that the greatest difficulty with which we are faced is the large carry-over of 228 million bushels.

Mr. BENNETT: That is hardly correct.

Mr. VALLANCE: At the least it has been put at 180 million to 200 million bushels; but whatever the exact figure is, it represents a large carry-over, and we have to compete on the world market with both Australia and the Argentine, our greatest competitors who have year after year a fixed policy with regard to wheat.

Coming back to my friends in the corner of the house, let me say that I am one of those who believe as they do, that Mr McFarland through his stabilization efforts did render to the Canadian wheat grower a service, but let me ask them this question: If Mr. McFarland has been so efficient, why this bill? Why the original bill? It has been said that Mr. McFarland was not as successful as he should have been, but I do not propose to go into the ramifications of his actions. It will not do any good to go that far back to consider the many periods through which the wheat grower has gone. However, I do propose to discuss this bill as it is applied to the problems with which we are faced.

I should like again to direct the attention of the committee to the type of organization in existence in the Argentine. When the resolution was before the house, the house seemed to be of the opinion that there was more than one marketing agency in the Argentine. I hold in my hand a publication put out by the Minister of Trade and Commerce (Mr. Hanson) dealing with the grain situation in the Argentine, and giving a résumé of the activities of the control board for the past year. In order to make my point that they do have more than one agency, I should like to read one paragraph of this report. I might mention that I drew this report to the attention of the committee in order to convince the chairman, if he needed convincing, that the Argentine had met only the control board. The paragraph reads:

> There has been only average activity on the market here during the past month. Prices have remained fairly steady, with a slight upward tendency towards the end, when the millers were competing for parcels of good quality to meet current needs. The announcement of the control board that whilst it would buy new wheat at the same rates as last year it would buy no more of the old crop.

I think that proves beyond a doubt that the system in the Argentine is similar to

that being proposed by this bill. Australia has a board and provides subsidies to her growers of three pence, or six cents, per bushel marketed and three shillings, or seventy-five cents, per acre sown. In the face of the necessity of meeting competition of that kind I was convinced that it was necessary to take some action at this session. I suggest that the bill now before us is about as good a compromise as could be arrived at. There are some features of the bill which I should like to see improved, but taking it all in all, I think it must be commended. If the hon. member for Acadia will read section 7 of the bill he will find there set out the powers of the board and I believe he will agree that they are greater than those ever held by John I. McFarland. Mr. McFarland was subject to order in council the same as this board will be. One of the powers of this board is:

(a) to receive and take delivery of wheat for marketing as offered by the producers thereof.

That is a very essential section. The definition of producer is as follows:

"Producer" includes, as well as any person actually engaged in production of wheat, any person entitled, whether as landlord, vendor, mortgagee or otherwise, by contract or operation of law to the wheat grown by a producer or to any share therein.

It will be remembered that the five cent wheat bonus was paid only to the actual grower of wheat. I might interject here that I am a farmer but as I was not actively working the land behind the plough and the harrow it was not my privilege to receive any of that bonus, even though I was paying the operating costs and carrying the whole load.

Mr. BENNETT: But your tenant did.

Mr. VALLANCE: Yes. Under this definition it will be possible for an owner as well as a tenant to take advantage of the bill. Section 6 of the bill is also to be commended. There is a belief abroad in Canada that some of the mistakes made by Mr. McFarland, provided that we admit that mistakes were made, might have been prevented had a board been set up instead of a one man commission. We have gone even further in this bill; we propose to set up an advisory committee. The section reads:

The governor in council may appoint during pleasure an advisory committee to advise the board, which committee shall consist of not more than seven members of whom four shall represent wheat producers.

[Mr. Vallance.]

The section then goes on to define the functions of this committee. The committee may be called at least once a month and it must report to the minister. Section 7 deals with the powers of the board. It reads, in part:

(e) to pay to producers delivering wheat at the time of delivery or at any time thereafter as may be agreed upon such fixed price per bushel,—

There were some who thought that a clause should be inserted to provide that the fixed price should cover at least the cost of production. It would be very difficult to determine the cost of production of a bushel of wheat. In some portions of the west the average crop will be between 30 and 45 bushels per acre, while in other portions the average is around 12 bushels. The average for the whole province of Saskatchewan is 16 bushels per acre, so it will be seen that it would be very difficult to arrive at the cost of producing a bushel of wheat.

We come now to section 8 which further defines the duties of the board. This section reads, in part:

(k) to make such investigations as from time to time it may deem necessary of the operations of the Winnipeg Grain and Produce Clearing Association and the Winnipeg Grain Exchange in their dealings with wheat and other grains where such wheat and other grains are the subject of transactions affecting interprovincial or international trade, and for the purposes aforesaid the board shall have, without the issue of any commission, all the power and authority conferred upon a commissioner appointed under the Inquiries Act, being chapter ninety-nine of the revised statutes of Canada, 1927, and shall from time to time report to the minister the result of such investigations.

I think this section gives us a weapon to investigate the transactions of the grain exchange. It will be noticed that the board can buy only from producers and that it has no right to buy hedges. The trade itself will have to depend on some other organization to take up their hedges. I contend that the very opposite result to that referred to by the hon. member for Acadia will result from the operations of this board. I believe that the board will have such control of the market that the trade will take very little grain. In my opinion the board will take seventy-five per cent of the grain offered.

I do not know that I can say anything further. I am like the hon. member for Melville (Mr. Motherwell): if anyone can suggest an amendment while we are taking up this bill clause by clause which will benefit the producer any more than he is benefited by this bill, I shall support it.

Mr. BENNETT: If agreeable to hon. gentlemen opposite, I was going to ask that the committee be allowed to rise and report progress and ask leave to sit again to-day in order that the Secretary of State might, by leave of the house, move concurrence in amendments made by the Senate to the Companies Act. With one exception, they are of a minor character. He will not be here this evening.

Some hon. MEMBERS: Yes.

Progress reported.

Mr. BENNETT: Mr. Speaker, I asked my hon. friends opposite to agree to have the committee considering Bill No. 98 rise and report progress in order that the Secretary of State, who is compelled to be absent this evening, might move concurrence in amendments made by the Senate to the Companies Act. The Secretary of State, with the leave of the house, will proceed accordingly; he has discussed them with the hon. member for Shelburne-Yarmouth (Mr. Ralston).

COMPANIES ACT, 1934, AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Hon. C. H. CAHAN (Secretary of State): With the consent of the house, I move that the amendments made by the Senate to Bill No. 85, to amend the Companies Act, 1934, be now read a first and second time and concurred in. These amendments are not important, except that in one or two sections I doubt whether the language of the amendments is an improvement on the language we decided upon in this house. For instance, the hon. member for Shelburne-Yarmouth and the Prime Minister agreed upon the words, "a just and adequate consideration therefor," —and the Senate amendment strikes out these words and substitutes the following: "the fair equivalent of cash to the total nominal amount of the shares proposed to be issued."

Mr. MACKENZIE (Vancouver): An insult to this house.

Mr. CAHAN: The original bill imposed a penalty on directors who might speculate in shares of the company. The Senate has retained the penalty against speculation but it has struck out the definition of speculation. There are one or two verbal amendments. It is made clearer that certain provisions apply to public companies and not to private companies. That was agreed upon by the committee of the whole of this house.

If I may be allowed to refer to a discussion that took place in another place, I agree with the purport of the remarks of the leader of the opposition in that place when he said that after careful consideration he believed that this bill as amended was the best that could be agreed upon at the present time under present conditions, and for that reason I ask this house to concur in this motion.

Perhaps it would be well to go over the different amendments. Section 2 of the bill amended section 5 of the act, and a new provision, subsection (4), is added:

"(4) If any company—

(a) carries on any business which is not within the scope of the purposes or objects set forth in the letters patent or supplementary letters patent, or

(b) exercises or professes to exercise any powers which are not truly ancillary or reasonably incidental to the purposes or objects set forth in the letters patent or supplementary letters patent, or

(c) exercises or professes to exercise any powers expressly excluded by the letters patent or supplementary letters patent,

such company shall be liable to be wound up and to be dissolved if the Attorney-General of Canada upon receipt of a certificate of the Secretary of State setting forth his opinion that such company has carried on business or exercised or professed to exercise powers as in this section provided, applies to a court of competent jurisdiction for an order that the company be wound up under the provisions of the Winding-Up Act."

The language is slightly changed. I do not think there is any difference in intent, and I think the section as amended may be adopted. Section 3 of the bill referred to the purposes and objects which it is intended that the company shall actively pursue. They have struck out the word "actively" so that it reads "shall pursue." In line 20 on page 2, section 4 of the bill, they have changed the word "shall" to the word "may." Perhaps "may" is the more appropriate term.

Mr. RALSTON: The Secretary of State was good enough to send me a memorandum showing these amendments. There is one to which attention is called:

2. Page 2, line 4. Leave out the underlining of line 4. Underline lines 6 and 7.

Is that purely for the purpose of assisting us in considering the amendments?

Mr. CAHAN: Yes. The only change was the striking out of the word "actively." In section 5 a change is made by substituting for the words "just and adequate consideration therefor" the words "the fair equivalent of cash to the total nominal amount of the shares so issued," and a provision is inserted that an application may be ex parte on summary peti-

tion to a judge to determine whether such consideration was the fair equivalent of cash to the nominal amount of the shares so issued.

Then in the same section 5, a new subsection 11 has been inserted, as follows:

Nothing in the next preceding subsection shall be deemed to prevent the issue, under authority of provision therefor—

I think the expression "under authority of provision therefor" is a rather crude expression.

—either by letters patent or by-law, of any preferred shares to which are attached preferential voting rights, exercisable in a stated event only, although, in the stated event, an exclusive right to control or manage is attached to or is incident to such preferred shares.

Evidently the intention of the Senate is to provide in the case of holders of preference shares that if dividends are not declared upon the preference shares, it may be provided by by-law that the preferred shareholders shall thereupon have a larger direction and control in the management of the company.

Mr. RALSTON: Or the whole control.

Mr. CAHAN: Yes.

Mr. BENNETT: Which is the usual term of the existing law in connection with certificates.

Mr. CAHAN: In section 6 of the bill they have reinserted paragraph (f): "Classify or reclassify any shares without par value." In section 7 they have inserted in the 44th line the word "voting" between "dividend" and "return of capital," and have added to that this provision:

Provided that no limitations shall be imposed upon the right to vote.

It is rather casuistical, but I think we may accept it. Then in section 7 they have substituted the following for subsection 2:

(2) Without limiting the generality of the foregoing any such by-laws may provide that the holders of such preferred shares shall have the right to select a certain stated proportion of the board of directors or may give them such other control or may so limit their control over the affairs of the company as is considered expedient—

The remaining words stay the same. That is an express provision that certain rights may be given to the preferred shareholders with regard to the selection of a stated proportion of the directors and otherwise controlling the company.

With regard to section 9, I pointed out when the bill was before the house that in the definition of the word "underwriter" we had in the act of 1934 provided a definition in two clauses which in the act are described as paragraphs (a) and (b), and I stated that doubts were entertained whether the proposed paragraph (c) of the bill was within the competence of this parliament. The Senate have declared that paragraph (c), which appears on page 5 of the bill beginning at line 43, is in their opinion not within the competence of this parliament, and they have struck it out.

Again, where in the bill the draughtsman endeavoured to provide an indirect way of compelling allottees of the company's shares to comply with certain conditions with regard to their resale to third parties, by providing that the company should insist upon those allottees making a contract with the company that they would not distribute or resell except upon compliance with certain conditions, the Senate did not agree with that provision which appears on page 7 of the bill as subsection 4, and they have struck it out and reinstated the subsection 4 of the 1934 act.

Mr. MACKENZIE KING: What does my hon. friend think of that?

Mr. CAHAN: I wish my right hon. friend would not invite an expression of my personal opinion. In section 12 there was a provision with regard to declaration of dividends when the company is insolvent, that no account should be "taken of any increase in the surplus or reserves of the company resulting merely from the writing up of the assets of the company, unless such writing up shall have been made more than five years before the date of such declaration." The Senate have changed the words "more than five years before the date of such declaration" to "more than five years before the date of the declaration of the dividend," to make it clearer.

In section 14 they have made section 94A apply to a public company, and where the bill provides that in the case of any officer of the company becoming aware of any impairment of the capital of the company, he "shall forthwith inform the directors of the nature and extent of such impairment," they have inserted the word "substantial" before the word "impairment," so that it applies to a "substantial impairment."

As I have said, on page 9 of the bill in section 15 they have struck out the definition of "speculate," and they have revised section 96B so as to substitute for the words "a just and adequate consideration therefor" the words "the fair equivalent of cash to the total nominal amount of the shares proposed to be issued." Then there has been a slight

change on page 11 in paragraph (g) with regard to the balance sheet which reads:

(g) lands, buildings and plant, stating the basis of valuation, whether cost or otherwise, and, if valued on the basis of appraisal, the date of appraisal and the name of the appraiser and the amount, if any, by which the value of such assets has been written up.

They have changed that somewhat to read:

(g) lands, buildings and plant, stating the basis of valuation, whether cost or otherwise, and, if valued on the basis of appraisal, the date of appraisal, the name of the appraiser, and, if the surplus of the company has been increased as a result thereof, the amount by which the value of such assets has been written up within a period of three years prior to the date of such balance sheet.

That period of three years is a restriction which I think is reasonable. Then with regard to the writing up of good will, they have added a similar provision to the effect that this writing up shall be shown in the balance sheet if it has taken place within a period of three years prior to the date of such balance sheet. In section 18 with regard to that provision they have inserted the words "in the case of a company not being a private company" so as to make the new section 113 subsection 1 apply to public companies only. That exhausts the lists of important changes or amendments which have been made.

Mr. MACKENZIE KING: It seems to me from what my hon. friend has said that the original bill is either vastly disfigured or greatly improved. I wish he would tell us which.

Mr. RALSTON: Striking out the definition of speculation and still leaving in the penalty for speculation seems to me to leave the act in a dangerous position. The only protection is that no action can be brought except with the consent of the Secretary of State. But as it stands, a director holding shares in a company is practically prohibited from dealing in those shares; for I should think almost everyone who sells or proposes to sell shares or who buys them does it for the purpose of making a profit, and I suppose that comes within the dictionary definition of speculation.

Mr. BENNETT: I am bound to say that that section gave me some concern, but as it stands it appears to me it would be left to judicial determination whether or not in the facts of any case there was what in law is speculation. I appreciate the point the hon. member makes; it does impose very considerable obligations on directors who may be dealing in the shares of their companies. Yet the test is this, is it not: Were they bought as investments or were they bought for the purpose really covered by the definition in the bill as it left this house? I have always appreciated the difficulty, and perhaps the hon. gentleman is more qualified by experience in recent years than I to appreciate it, of being able to determine by definition what constitutes speculation. We did endeavour to do it, but the Senate thought it was not wise to do so, and leaves it to judicial determination. I think it would be fatal to remove the penalty; it would be better to leave it there and trust to judicial discretion not to work a hardship on any person whose dealing with shares might possibly fall within what in some quarters would be regarded as speculation and in others as investment.

Mr. HACKETT: I had hoped that the word "public" would be inserted in section 16, line 40, on page 10, between the word "any" and the word "company" otherwise all the restrictions which had been enacted in regard to public companies are going to apply to private companies, where it seems to me there is no reason they should apply.

Mr. POULIOT: If it does not apply to private companies what is the use of that legislation?

Mr. HACKETT: If my hon. friend knew more about companies he would not ask the question.

Mr. POULIOT: I know about the hon. member for Stanstead (Mr. Hackett) and that is why I ask it.

Mr. BENNETT: I think that is covered. In subsection (2) of section 98B, page 9:

(1) The directors of a public company shall not authorize the issue and allotment as fully paid shares in the capital stock of the company . . .

It is a public company; it says so. The only one that is left out is the one to which the amendment was made, and the word "public" added to make it clear.

Mr. RALSTON: By the Senate just now.

Mr. BENNETT: Yes, exactly.

Mr. POULIOT: The only way to prevent speculation is to forbid speculation at all. That is the only way to cure all those evils.

Motion agreed to; amendments read the second time and concurred in.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CANADIAN GRAIN BOARD

The house again in committee on Bill No. 98, to provide for the constitution and powers of the Canadian grain board—Mr. Bennett—Mr. Smith (Cumberland) in the chair.

On section 1—Short title.

Mr. STEWART (Edmonton): Mr. Chairman, I am not going to delay the house very long; as a matter of fact if the Prime Minister had delayed the adjournment at six o'clock for only a few moments I could have said all I desire to say.

So far as I am concerned the bill is entirely satisfactory, and for the life of me I cannot see all the dangers that some of our friends from western Canada claim will develop as a result of the application of the bill. It provides for a board of three members, supplemented by an advisory board, four of whom shall be farmers, which shall meet once a month. With the backing of the government I can see no reason why these men should not protect every interest that may be affected.

All of us are in favour of cooperative marketing. It is true that hon. members on this side of the house have opposed the compulsory features in all marketing bills, and we were not particularly enamoured of the compulsory features in this bill. I do not believe however that we can find a great deal of fault with provisions which may be compulsory if enacted by a governor in council, because perhaps it is necessary, to have some control over the exchange. I do not believe that the operations of the exchange have been detrimental to the interests of producers. I can quite understand the criticisms which have been made against the exchange in recent days when we have had a surplus of wheat. But no one who has followed the marketing of grain and the operation of the exchange can help being struck by the fact that competition has been beneficial to those of us who are producing. Surely no one expects that this condition under which we have a surplus is going to be permanent in Canada. Once we emerge from that position this measure will offer an opportunity for those who believe in cooperative marketing governed by a board and backed by the federal government to demonstrate the utility of such a scheme. They will have ample opportunity to demonstrate the value of cooperative marketing, and all I can say is that I hope the demonstration will be satisfactory. Every person who wishes to sell his grain through the agency of the grain board will have the opportunity to do so, and it must be assumed that the board will be as active in the interests of the people it serves as will any interest operating on its own behalf. Moreover, it seems to me that the bill offers the logical solution of the difficulties facing us to-day. Surely the combined ingenuity of the gentlemen forming the board plus the advantage of the advisory board should be sufficient not only to market the accumulated grain but also to market grain they may purchase from producers. I believe this is an honest attempt to work out a delicate situation, and for these reasons I give my support to the bill.

Section agreed to.

On section 2—Definition.

Mr. MACKENZIE (Vancouver): The province of British Columbia was not directly represented on the committee which considered the bill. I suggest to the Prime Minister that on account of the importance of Vancouver as a grain port and the possibility of oriental trade passing through that port, British Columbia be given representation either on the board or on the advisory committee.

Mr. REID: I have a question I should like to ask in connection with paragraph (e) of subsection 1. A great deal has been heard this afternoon about producers, but very little has been said about consumers, and I should like to make some observations concerning the consumers of British Columbia, and to ask the Prime Minister why that province should be included in the bill. I could see no great harm in its being left out. When one realizes that in the year 1930 the yield in Ontario was over 20,000,000 bushels while in British Columbia it was only a little over 1,000,000 bushels one is at a loss to understand why British Columbia should be included and Ontario left out. Then the point of view of the consumer has not been considered. British Columbia is a consuming province; we consume more than we produce. In ordinary years the poultry industry of our province uses between 8,000,000 and 10,000,000 bushels of wheat from the prairie provinces, but we produce only a little more than 1,000,000 bushels. Upon looking over the bill I am wondering what will happen to the poultry producers of the Fraser Valley if a price above the world price is set. I venture to say that we would have an unjust condition if the province of British Columbia were

called upon to pay a set price higher than the world price, when we are shouldered with a freight rate twice as high as that enjoyed by Ontario and other provinces.

Mr. WILLIS: Let them eat barley.

Mr. REID: I could discuss barley, too. You tried to put that over last year, but it was no good. It shows you know very little about poultry business when you start talking about barley. Right now I am talking about something I know something about.

I believe an explanation is due British Columbia indicating why that province is included in the bill. If it is included because it is a wheat producing province, the answer is that we produce only 1,000,000 bushels, and when we compare that small output with an output of 20,000,000 bushels from another province it seems strange that that province should be left out while we are included. Only a few days ago we were complaining about being excluded from a bill, but to-day my complaint is that we are being included and other provinces are being left out. I should like an explanation from the Prime Minister.

Mr. BENNETT: British Columbia is included because the British Columbia wheat producers in the Peace River district desire to be included. Substantially speaking, they are producers of wheat across the line dividing Alberta and British Columbia. If the hon. gentleman is speaking for the province of British Columbia and states that these wheat producers desire to have British Columbia excluded from the bill, I am content.

Mr. REID: It is all right for the Prime Minister to ask me if I am speaking for the province of British Columbia. Only a few days ago we heard that the attorney general was speaking for that province. I will admit that I cannot speak for British Columbia, but I still say I have not received an answer to my question, namely, why Ontario with a production of 20,000,000 bushels is left out and British Columbia with a much smaller production is included. I hope the bill is in no way designed to control our ports. I would draw the attention of the committee to the fact that in 1933 over 100,000,000 bushels of wheat issued from the Pacific ports as against only 83,000,000 for all other Canadian ports. The decrease in exports of Canadian grain through United States ports has been due to the splendid advantages which Vancouver and New Westminster offer in the shipping of grain.

Mr. MACKENZIE (Vancouver): Will the Prime Minister consider the representations that have been made regarding representation of British Columbia on the board?

Mr. BENNETT: Like the hon. gentleman I have received telegrams from Vancouver asking that they be given representation on the board, and indicating that they are greatly interested in the exportation of wheat. We have not yet reached that stage, the bill not having been passed, but the representations that have been made will be given every consideration. Ontario is not included in this bill; it is not a producer of wheat for export, but the Peace River valley in British Columbia is exporting wheat. We ascertained that when the five cents a bushel bonus was paid—

Mr. MACKENZIE (Vancouver): The hon. member for Peace River (Mr. Kennedy) wants curtailment of production.

Mr. BENNETT: If it is thought that British Columbia should not be included in the bill I have no desire to press it unduly, but it was represented to us that the wheat producers in that area should not find themselves in a different position from that of neighbouring producers across the imaginary line that divides British Columbia and Alberta. Those familiar with wheat production in Ontario will not make the suggestion that that comes within the bill at all, or could.

Section agreed to.

Section 3 agreed to.

On section 4—Body corporate.

Mr. BENNETT: Mr. Chairman, in the marginal note to subsection 3 the word "arrangements" should be added after the word "banking."

Amendment agreed to.

Section as amended agreed to.

Section 5 agreed to.

On section 6—Advisory committee.

Mr. MACKENZIE (Vancouver): Will it be the effort to have territorial representation as far as possible on the advisory committee?

Mr. BENNETT: The purpose will be to follow the general principles that governed in connection with the old wheat board in 1919. Distributed over the area where the production takes place, four should represent producers, and the balance might be business men or men engaged in shipping or other matters of that sort.

Section agreed to.

On section 7—Powers of board respecting the marketing of wheat in interprovincial and export trade.

Mr. BENNETT: Mr. Chairman, in line 31 the word "the" should be stricken out before the word "producer" and "producers" should be substituted for "producer"; in line 32 delete the first word "a"; and in the thirty-third line strike out the word "year's" before the word "operations," and after the word "board" in the same line insert the words "during the crop year." The phrase "the crop year" is defined in the grain act and it will be recalled that in the interpretation section of this act it is provided that the words used in this act shall have the meaning given to them by the interpretation section of the grain act.

Amendment agreed to.

Mr. GARDINER: Referring to line 37, paragraph (e), the same paragraph to which the Prime Minister has been referring, would the words "such certificate shall not be transferable," prevent anyone from getting a garnishee against these certificates?

Mr. BENNETT: "Such certificates" appears in my copy—there is an "s" added, but there may not be in the hon. gentleman's copy. I would not like to express an opinion on the point the hon. gentleman raises, because the law of the province would govern with respect to that; it would be a matter purely of provincial law. In general my answer would be no, for it is essential that there should be an affidavit that there is a debt due by the board to the individual in question and it could not in my opinion be properly affirmed that there was a debt due under the circumstances indicated. But each province has its own law governing the question of garnishees, and I would not care to express a definite opinion upon the point.

Mr. LUCAS: I realize that under this section we cannot fix a price, but I do believe there should be something in the bill to the effect that the fixed price should bear some relation to the cost of production or be a price which would enable the farmer to carry on. There is a possibility that the fixed price might be set so low that the board would not get any wheat at all, and if that should happen this bill would be of very little benefit to the producer. I wonder if the Prime Minister could see his way clear to meeting that difficulty.

Mr. BENNETT: I tried to explain to the committee that there was one thing I was not prepared to do, and that was to lay down a rule by which a fixed price might be determined, because we might include four factors and omit the fifth which might be the governing factor. To undertake to indicate in a bill of this kind all the factors which would be considered by the board would be something in my opinion that would be injurious to the very interests that the hon. gentleman desires to serve. It will be observed, however, that this price must be approved by the governor in council, and if in fixing that price disregard has been had of factors that should have been considered, then obviously it would be the duty of the government, whoever might comprise the government, to deal with the matter in a proper sense. I have no idea at the moment as to what price would be fixed, but I think I could name immediately five or six factors that would govern in fixing a price. For instance, the entire world's production would be a factor; the demands of the importing countries would be a factor; the cost of production averaged would be a factor. It would be very difficult to say that the cost of production in every section of western Canada would be the same. In the evidence before the committee one gentleman spoke of a cost of production that in my judgment was entirely too low, and in other cases I heard suggestions made which the farmers regarded as too high. All these are factors. The first factors I mentioned deal with supply and demand in reality. I could name many other factors if it would serve any useful purpose, but I still think it is undesirable to undertake to state in this bill all these circumstances or contingencies that would have to do with the fixing of the price; but inasmuch as the government must ultimately take responsibility for approving the price I think the interests of the producers may be said to be adequately safeguarded.

Mr. SPEAKMAN: I should like to make one comment on paragraph (e), emphasizing one point and perhaps enlarging on what was said by the hon. member for Camrose (Mr. Lucas). The clause which provides for certain sections coming into force only by proclamation may be looked upon as the centre around which the entire value of the bill will revolve. As I see it, the bill makes fairly adequate provision to enable the board to carry on their operations of buying the crop from the producer and marketing it. It gives them full power to bring order out of chaos, and to the degree that wheat is in their hands to prevent speculation and gambling in that commodity. I think it will

be realized that the entire power of the board to carry that into effect will depend upon the board handling at least a very large percentage of the wheat. This will depend wholly upon the provisions of this bill as to the fixed or initial price. In this respect I think the phraseology of the amended bill is a distinct improvement upon the original bill. As the bill was originally introduced it provided that an initial payment should be made, but under other provisions of the bill it was obvious that that payment would be based upon the expectations of what the wheat might sell for in the final result. Under the previous bill that initial payment would have had to be made low enough to safeguard the board and make sure that the final proceeds would cover not only the payment made to the farmer but the costs of operation. I think this is a distinct improvement which has been brought about by sending the bill to the special committee. It makes the proper provision for the payment of what is in effect not only an initial payment but a minimum price.

May I emphasize again the point that the whole success of this bill will depend upon the minimum price being set at a point where the wheat will be delivered to the board. This price might be set so low as to make the legislation inoperative. The trade is being left perfectly at liberty to carry on exactly as it has carried on, except that the hedging support which was given in the past under the stabilization scheme will be withdrawn and the trade will be obliged to take their own risks or find someone else to hedge their futures. If the disparity between the initial payment and the market price is too great the trade will be able to carry on as at present. I believe we have present this evening representatives of the present and future governments. I am not saying who will be the future government, but I think I am safe in saying that its representatives are in the chamber at the present time. I want to impress upon the members of that government, and on the members of the present government in the interim, that there lies the crux and the centre of the power of this legislation. If the price is set high enough, the great bulk of the wheat will be sold through the board and it will not find its way into private hands and the purpose of the bill will be accomplished. Order will thus be brought out of chaos and speculation in our foodstuffs will be reduced or will disappear altogether. I do not think it is too much to say that the responsibility will rest upon that government of deciding whether or not this legislation will be operative and whether or not the grain exchange will be permitted to carry on its operations. Upon that government will rest the responsibility of deciding what is going to be the final result of this policy.

I realize the error of placing any restriction upon the board and the governor in council in the setting of a minimum price. The Prime Minister outlined some of the difficulties in this connection, and I think I can see still others. It is impossible to set up legislation as a guide to what that minimum or fixed price should be. I realize that, and I realize also that the inability of parliament to make this bill effective by law places a greater responsibility upon whatever government may be called upon to exercise its discretion. I do not think that can be too thoroughly understood by the people of this country and by the producers whom this bill seeks to relieve. In the final analysis it will rest upon the government in power at that time to say whether or not this bill will serve its purpose. The producers should be in a position to know exactly who is responsible for the success or failure of this legislation.

Mr. RALSTON: Could the Prime Minister indicate the terms upon which contracts for future delivery of wheat are to be acquired from the Canadian Cooperative Wheat Producers Limited under section 5? Is it contemplated that these contracts will be taken over at cost or will the board simply take the place of the Canadian Cooperative Wheat Producers Limited with the banks?

Mr. BENNETT: As I said in committee, it is contemplated at the moment—of course what I say is subject to revision—that the board will take the place of the producers limited in connection with wheat but not in connection with other grains.

Mr. RALSTON: There will be no profit or loss so far as Canadian Cooperative Wheat Producers Limited are concerned in their operations in wheat?

Mr. BENNETT: That is what is contemplated at the moment, but I want to make it abundantly clear that conditions may arise which may vary that statement.

Section agreed to.

On section 8—duties of the board.

Mr. BENNETT: I have some slight amendments to suggest to this section. We propose to strike out the word "market" in subsection (b), line 5, and substitute therefor the words "sell and dispose of". The beginning of that clause will then read, "to

sell and dispose of from time to time." Then strike out the words "or contracts" in the fifth line and the words "for the purchase or delivery of wheat" in the sixth line.

Mr. RALSTON: I thought that was done in the committee.

Mr. BENNETT: That was the intention. Then in subsection (e), line 19, add the words "to the minister" after the word "writing," and delete the words "to the minister" at the end of line 19 and the beginning of line 20. This is simply changing the position of the words; the clause will then read "to report in writing to the minister on Friday of each week. Then substitute the word "its" for the word "the" in line 21, the clause then reading, "showing as at the end of the preceding week its purchases and sales of wheat." Then strike out the word "period" in line 21 and substitute the word "week". The clause will then read, "sales of wheat during such week." Then delete the words "to the date of such report" at the end of line 24 and the beginning of line 25. That is already covered by what has been said. "Auditors" should be with a small "a". In clause (f), at the end of line 27, the word "other" should be struck out; there is no need of it.

Mr. RALSTON: With regard to the amendment to clause (e) I am wondering whether the Prime Minister is quite satisfied that as amended it requires the board to bring the report of the financial operations right up to date, or whether it will not confine the report of the financial operations to the particular week under discussion. It depends on what he has in mind.

Mr. BENNETT: I think it is intended to make clear that the very point the hon. gentleman has in mind shall be before the auditors. Let us look at it as amended:

> to report in writing on Friday of each week to the minister, showing as at the end of the preceding week its purchases and sales of wheat during such week and the wheat on hand and contracts to take delivery of wheat then held, the cost of the same to the board and the financial result of the board's operations, which report shall be certified by the auditors of the board.

Mr. RALSTON: I think that is all right.

Mr. BENNETT: If the hon. gentleman prefers to have the words "to the date of such report" remain, I have no objection.

Mr. RALSTON: Probably the Prime Minister is right. When you do not limit it, it includes all the financial operations.

[Mr. Bennett.]

Mr. BENNETT: If there is any doubt about it those particular words can remain, but I think it is sounder drafting to put it as I have proposed.

Mr. RALSTON: If the Prime Minister is satisfied, I am.

Mr. BENNETT: At the top of page 5 a change should be made, and in this regard I ask the committee's opinion. I understand that there is a grain exchange at Vancouver which is on much the same lines as the exchange at Winnipeg. It might therefore be well to add after the word "Winnipeg" in the first line the words "and Vancouver," and make the word "exchange" "exchanges."

Mr. RALSTON: There is a clearing house association there too.

Mr. BENNETT: I do not think so; I believe there is only the grain exchange at Vancouver. Then, instead of the word "with" in the first line on page 5 there should be the word "in"—"their dealings in wheat." I move these amendments.

Mr. GARDINER: What will be the position of the board when it takes over the contracts of Wheat Producers Limited if the words at the beginning of (b) in section 8 be struck out, "to market from time to time all wheat or contracts for the purchase or delivery of wheat?" Would the board still have an opportunity of dealing with these contracts and disposing of them?

Mr. BENNETT: In paragraph (f) of section 7, the hon. gentleman will observe, power is conferred upon the board to acquire from Canadian Cooperative Wheat Producers Limited not only wheat but their contracts to purchase or take delivery of wheat in respect of which the government of Canada has given a guarantee.

Mr. YOUNG: Suppose these contracts are all due in October, will the board have to dispose of them before then or can they turn them over?

Mr. BENNETT: They can take delivery.

Mr. YOUNG: Will that be their only option, to take the wheat?

Mr. BENNETT: That was what was intended. If the hon. gentleman thinks it desirable, it can be changed.

Mr. YOUNG: No; I only wanted to know the intention.

Mr. SPEAKMAN: In subsection (b) of section 8 lies apparently the direction given regarding the sales policy of the board. I

might not have thought it necessary to mention this at all were it not that the hon. member for Shelburne-Yarmouth (Mr. Ralston), quite rightly, stressed the importance of this particular clause and gave his interpretation of its meaning and the intent of parliament with regard to it, and the direction conveyed by the clause to the board in respect of its sales policy. I have no desire whatever to misinterpret in any sense the gist of the hon. gentleman's remarks, nor am I competent to enter his mind to know exactly what lay behind the argument he used. But certainly I gathered this impression from his interpretation—and after all interpretations may become serious if they become part of governmental policy at a later date—that a distinct change was to be expected as a result of this clause in the policy of the board as compared with the policy which had been carried out by Wheat Producers Limited through the operations of Mr. McFarland, and that a policy of much greater activity in the sale of wheat and the pushing of that commodity on the markets of the world was not only anticipated but expected. I think that is putting it fairly and not in any sense misquoting the hon. gentleman. It seems to me that the clause may be interpreted in that way if it is intended to carry out the objects stated, that is, if the sole object which shall actuate the board in exercising discretion as to what it considers a reasonable price shall be that indicated in the last clause:

—with the object of promoting the sale and use of Canadian wheat in world markets.

That is a most desirable object, but if it is the only factor to be considered when the board is determining what is a reasonable price, and if the price to be received is to be governed wholly by that consideration and need have no relation either to the intrinsic value of the wheat or the cost of production, or to the effect of its sale on the producers and on the country, then it becomes a serious matter. I believe that in this clause discretion is given the board with regard to the question what shall constitute a reasonable price, and I am simply stressing at the moment my belief that any board which took this as its direction, that a reasonable price was merely to be the best price that could be obtained, and at the same time endeavoured to make the greatest sale possible in world trade, would be falling far short of its objective. The only proper interpretation, if the bill is to be of value, would be that the object should be to promote the greatest possible sale and use of Canadian wheat in world trade consonant with a reasonable price being paid having relation to the intrinsic value of the wheat, the cost of producing that wheat and the price which the producers might thereby ultimately receive. I think that would have to be kept very firmly in mind by the board, and while the board itself has discretion in this regard; while no statement is made as to approval by order in council or any suggestion made that the government itself shall have any voice in that price, I think we can take it for granted that a government which has made itself responsible for the financing, one that has been consulted in regard to and made itself partly responsible for the initial price, will be a somewhat effective influence with the board as to the price at which the wheat will be sold. I am simply pointing out again that the purpose of the bill could be defeated and the price to the producers put down below any reasonable limits if the board had in mind in carrying out these instructions only the sale of the greatest quantity of wheat which it could sell on the world's markets.

Mr. WILLIS: It so happens that to-day the Liverpool market broke four cents. I do not know whether that break in the market has any connection with paragraph (c) of section 8 which is the selling policy indicated by this bill. Lest it be thought—and I do not think this is in the mind of anyone in this chamber—that the wheat board intends to dump the stocks of wheat on the markets of the world, I think the other meaning of paragraph (c) of section 8 should be given some emphasis. It reads:

To sell and dispose of stocks of wheat and contracts for the delivery of wheat acquired from Canadian Co-operative Wheat Producers Limited and the wheat represented by such contracts as speedily as may be reasonably possible, having regard to economic and other conditions.

I desire to refer particularly to those "economic and other conditions," because it would be a very bad thing if any thought went out from this bill or from its clauses that we in this country were going either to dump our wheat on the markets of the world, or on the other hand unduly to withhold it from those markets. Therefore it might be interesting to mention some of the difficulties, some of those things which would prevent us from dumping our wheat on the markets of the world at this time. I desire to make a short quotation from the evidence of Mr. John I.

McFarland before the banking and commerce committee on March 22, 1934. He said:

Looking back at the problems that have confronted Canada, as well as other exporting countries, we find France with an 85 cents per bushel duty, with restrictions on milling and quotas, protecting their farmers up to the hilt so that they will get big prices for their wheat and encourage them to raise more; and that has been going on for three years. Germany with $1.62 duty doing the same thing. Italy with $1.03 duty and doing the same thing, their farmers all protected behind great tariff barriers, barriers that it is impossible for our farmers to climb over. Then there are other lesser countries doing the same thing to a smaller degree but to a considerable extent increasing the prices to the native farmers in those countries. Then we look at Australia. Australia is bonusing her farmers. This year they are paying $1,500,000 to their farmers. The Argentine has virtually got a wheat board, giving their farmers a good deal more money for their wheat than what they are selling it at overseas. The United States during this period have spent I don't know how much of that $500,000,000 in support of wheat farmers, in all probability $150,000,000 or $200,000,000 of it has gone to American wheat farmers. Not only that but now they are paying them a processing bonus of so much per bushel in order for the American farmer to get through these trying times of depression. Japan protects her farmers to the extent of about 40 cents a bushel. China protects her farmers against our cheap wheat to the extent of nine cents, I think. These are all the difficulties that our farmers have had to face in these trying times.

Then further down:

I forgot to mention the United Kingdom. Like all other countries, they are helping their farmers to the extent of $1.35 per bushel.

In view of the fact that for the time being at least the selling of wheat will be continued by the same agency, I think I might very well quote from Mr. McIvor's evidence a paragraph indicating also some of the difficulties in regard to selling wheat at this time, and some of the reasons perhaps why we have not sold more. I refer to his evidence as set forth on page 376 of the minutes of proceedings and evidence of the special committee on Bill No. 98. Mr. McIvor said:

There are still those who say, however, that Canada might have done better, and this suggestion prompts me to place before this committee a few relevant facts:

(1) All exporting countries, including Canada, have been affected by the reduction of imports into France, Germany and Italy. Broadly speaking, such decreases as have taken place in the other importing countries have been offset by increased requirements in the United Kingdom, Netherlands, Belgium, et cetera.

Let us examine the situation in France, Germany and Italy. From 1924-25 to 1928-29 these countries imported an average of 215,000,000 bushels annually. From 1929-30 to 1933-34 these countries imported an average of 95,000,000 bushels—an annual reduction of 120,000,000 bushels in the latter period as compared with the former....

Assuming that we received 40 per cent of the imports of these three countries prior to 1929-30 (a moderate percentage) a market was afforded for about 85,000,000 bushels of Canadian wheat. Last year if we had secured the entire market of these three countries (and we did receive a very large share) we had an outlet for only 26,000,000 bushels. This is one phase of the export problem which must be realized.

(2) It has been repeatedly stated before this committee that Canada should have lowered her price and sold more wheat. Mr. Richardson stated that he could have sold more Canadian wheat if the price had been 70 cents per bushel. I cannot agree with that type of reasoning. Those who hold that Canada could have sold more wheat by lowering prices must at the same time demonstrate, first that such action would have resulted in the lowering of the spread between Canadian wheat and other wheats, particularly Argentine; and secondly that a narrowing of the spread between Canadian wheat and other wheats would have curtailed the movement of competitive wheats—chiefly Argentine wheat.

Let us briefly deal with these two points. In regard to the first point, namely the possibility of narrowing the spread between Canadian wheat and other wheats, I wish to point out that price as such may not be significant. It is not the absolute price of Canadian wheat which is important but rather the relative price; that is, the relation between the price of Canadian wheat and the price of other wheats.

If we dropped our price ten cents and the Argentine dropped ten cents the relative positions would not have changed and both countries would lose. Actually that is what happened last fall.

Then he goes on to quote the figures in that regard. In addition, without quoting more of the evidence, I think it is interesting to look back to the debacle of 1933, to indicate that the sales agency at that time made large purchases; particularly they purchased on one day 15,705,000 bushels. They have been criticized for that purchase. But from the facts given to the committee, it was very evident that at that time the Chicago exchange had closed, and consequently it was necessary for Mr. McFarland to step in and make purchases lest the whole market itself within this country be destroyed. He did that at that time; he made heavy purchases later even though the price was fairly high, but in spite of the purchases which he made, the market continued to decline. It was in the technical phrase a "thin market." Consequently those purchases had to be made. Therefore I think at this time owing to the fact that we do to a degree outline a selling policy, it must be made very evident that there is no intention on the part of anyone

in this country to dump our present wheat supply on the markets of the world. Nor is it the hope of anyone in this house that we should withhold from the markets of the world that wheat which we can sell at prices which will give to the producer some return for his labour.

Mr. SPEAKMAN: Just one point in connection with the sales policy in disposing of that surplus. I think that the last speaker (Mr. Willis) is perfectly correct; there is no man in this house who would advocate such a foolish policy as a species of fire sale to get rid of the wheat, knowing its effect on the finances of the country and the price of the crop that is coming on. That is why I was disturbed by the phraseology used by the hon. member for Shelburne-Yarmouth (Mr. Ralston). The average man not being acquainted personally with the hon. member might not set the same value upon his sanity and wisdom that I might, and without that knowledge it is almost impossible to avoid the deduction that this wheat should in effect be forced upon the market regardless of price. My reason for that fear is not only the language used in connection with this particular item; I am bound to couple that with the suggestion that this should be looked upon as emergency legislation to carry on for one year with the right of extending it for a further year by order in council. The language would indicate that it was at least the hope if not the expectation of the hon. member that this entire surplus would be wiped out within one or at most two years. I think it is impossible to avoid that deduction from his words. Yet I think every hon. member familiar with the situation and knowing the prospective crop which now faces us will realize that to dispose of this entire surplus in the face of world conditions and the coming crop would be a fire sale policy and absolutely destructive of wheat prices in this country.

Mr. COOTE: Just a word in regard to the first subsection of section 8, the power of the board to fix a minimum price. I say on behalf of the producers that I think the great majority of them have sold their wheat below cost of production for four years. I hope when this board in consultation with the government comes to set this price they will bear that in mind, as well as the price that our competitors in the Argentine and Australia are receiving. In that connection I would point out that in the June 1 issue of the Commercial Intelligence Journal there is a dispatch from our trade commissioner in Australia in which he deals with the question of wheat there, and he says that the price to the grower at country sidings is approximately three shillings per bushel. Hon. members will realize that that is a price above that which our producers have been getting even with the support that has been given to the market.

Mr. BENNETT: No, that is sixty cents at the siding.

Mr. COOTE: But when it comes to paying debts and interest it is equivalent to seventy-two cents.

Mr. BENNETT: No, it is a four dollar pound. It is sixty cents.

Mr. COOTE: Well, it perhaps would be in this country, but for the Australian farmer that three shillings is equivalent, in his own currency and dealing with his own internal situation, to seventy-two cents.

Mr. RALSTON: May I say a word again with regard to the matter of policy in disposing of this wheat? As far as I am concerned the policy is expressed in the words used in subsections (b) and (c) of section 8. I think those subsections are aptly drafted to indicate to the board the general desire of parliament that wheat should be sold rather than held if opportunity offers and if it is reasonably possible to do it. Nobody has suggested a fire sale; no one has suggested that the wheat will be disposed of in two years. What I have suggested is that in two years we would have experience of the plan, which is a different plan from that which has been in vogue so far, a plan whereby the producer will be paid his minimum or fixed price and the country will then take the responsibility for disposing of the wheat. The producer then, as I see it, will not be affected by the market but will have had his fixed price. That policy is different from the policy which has been followed to date, because so far we have been endeavouring to assure the producer his price by attempting to affect the world market. I hope I have made it clear that subsections (b) and (c) of section 8 express my idea as to the directions we should give to this board, and I think they go as far as we can go in that direction.

Mr. BENNETT: The hon. member for Weyburn (Mr. Young) asked a question which I think I did not quite understand when I answered. There is special provision in subsection (c) of section 8 to deal with the very question he asked:

(c) to sell and dispose of stocks of wheat and contracts for the delivery of wheat ...

Amendment agreed to

Section as amended agreed to.

Sections 9 to 12 inclusive agreed to.

On section 13—Deductions from receipts.

Mr. BENNETT I move:

That in line 12, section 13, after the word "certificates," the following words be inserted: "issued pursuant to paragraph (e) of section 7 of this act."

"Certificates" is too general a word not to be qualified by a clause which provides for their issue. That is the only reason this is added, to show the authority for the issue of them, the terms of them being covered by the regulation.

Amendment agreed to.

Section as amended agreed to.

On section 14—Application to oats, barley, rye and flax.

Mr. BENNETT: I move:

That in line 16 of section 14 the second word, "and," be struck out and the word "or" substituted therefor;

It will then read "rye or flax."

and that in line 19 the word "oats" be struck out, and in line 20 the words "barley, rye and flax, or any one of them"; and that after the word "to" in line 19 the words "such kinds, of grain" be added.

So that it will read:

Whereupon the provisions of this act shall mutatis mutandis apply to such kinds of grain as they apply to wheat.

Amendments agreed to.

Section as amended agreed to.

Sections 15 and 16 agreed to.

On section 17—Operation of act.

Mr. BENNETT: I move:

That in line 42 the word "seventeen" be struck out and the word "sixteen" be substituted therefor.

Mr. RALSTON: It is "sixteen" in some copies.

Mr. BENNETT: Mine was one of the first, and I just wanted to be sure.

Mr. GARDINER: Have we dealt with the amendment? Would the Prime Minister consider the suggestion I made this afternoon, namely, that sections 9, 10, 11 and 16 become operative when the bill is assented to?

Mr. BENNETT: No.

[Mr. Bennett.]

Mr. GARDINER: Then I shall have to move an amendment to that effect. I move, seconded by Mr. Spencer:

That section 17 be amended by striking out the following words:

"Except sections nine, ten, eleven and sixteen,"—"and sections nine, ten, eleven and sixteen shall come into force on proclamation of the governor in council."

Mr. BENNETT: All the hon. member would have to do, to obtain the same result, would be to move that section 17 be struck out.

Mr. GARDINER: The effect of my amendment would be somewhat different, namely, that the act would come into force when assented to.

Mr. BENNETT: The rule is that the act would come into force when assented to unless otherwise provided. If section 17 was struck out it would become effective at once, upon assent being given.

Mr. GARDINER: All right; put the question.

The CHAIRMAN (Mr. Smith, Cumberland): The question is on the amendment.

Mr. GARDINER: No, I am willing to accept the Prime Minister's statement that it would depend upon whether or not the committee accepted the section.

The CHAIRMAN (Mr. Smith, Cumberland): Do you withdraw the amendment?

Mr. GARDINER: Yes; put the question.

Section 17 agreed to on division.

Mr. BENNETT: Mr. Chairman, I propose to make a few observations. I have remained in my place all day and have listened to the speeches made upon this bill which was referred to the special committee, and I have had grave doubts as to whether or not it should have been referred to that committee, in view of the discussion which has taken place. It might have been well to go to the committee of the whole on the bill as it originally stood.

The bill as it now stands was put in its present condition on Dominion day by myself. We had met in the morning and I obtained the views of the members of the committee as to what amendments should be made. The hon. member for Shelburne-Yarmouth (Mr. Ralston) made suggestions which are largely embodied in sections 7 and 8, and I had certain views with respect to the legislation to which I shall presently refer. In the afternoon these were put in the form of the bill

in which it now stands, subject to certain other revisions, and we came back in the evening and agreed upon the bill. We met in the morning, after it had been printed and, with the exception of the desire expressed by the hon. member for Shelburne-Yarmouth that there should be a provision whereby it would expire on a given date, the bill was agreed to.

I desire to make clear that the committee heard a large number of witnesses. If it was not to decide on a bill in accordance with the evidence given, the calling of witnesses was only an empty formality. Witnesses were called from Vancouver, Winnipeg and elsewhere. The witnesses from Vancouver spoke of the facilities which through the years had been built up at that port for the transport of wheat and other grain. They spoke of the facilities provided for the chartering of ships and brokers' establishments which had come into being for the purpose of supplying tonnage with which to transport the grain of western Canada through the Panama canal to the markets of the world, and the facilities for transport to the orient.

The witnesses called on behalf of the grain exchange gave evidence of a somewhat peculiar character. I had asserted in this chamber that the grain exchange had broken down. Mr. Milner, president of the grain exchange, joined issue with that statement. He and other witnesses who followed him pointed out that through the years they had built up the most efficient machine existing in Canada, and perhaps anywhere in the world—or at least as good—for the handling of grain. They said that the effect of the legislation would be to destroy those facilities. Subsequently other witnesses, notably Mr. Richardson explained that he believed a larger quantity of wheat could have been sold than had been sold, to the extent of 50,000,000 to 75,000,000 bushels. When he was questioned as to the reasons for his belief—for the man who makes an affidavit must be prepared to make a statement as to why he so believes—he had nothing to say except that he thought if wheat were 70 cents instead of 80 cents and the producer would supply the market he could sell the wheat. The fact was that evidence was produced before the committee indicating clearly that the price of wheat at Fort William had fallen to 38½ cents. The effect of that was that the farmer in the west received 15 cents per bushel for his wheat; one of the members of the committee spoke of having received 17 cents for his wheat on his farm. Mr. Richardson stated further that the cost of production of wheat might be as low as 40 cents. I am bound to say no other person thought that was a reasonable rate for the production of wheat in any part of Canada; one of the members of the committee, however, who had had wide experience indicated that if a person had a very large area and a heavy production per acre, under very favourable conditions he might show a cost of 40 cents or thereabouts. We will leave that. That was the evidence given—that existing facilities were there if they had an opportunity to function, and that those facilities were quite equal to the demand made upon them. Further, the president of the grain exchange said he felt perfectly certain that the presence in the market of the Canadian Cooperative Wheat Producers Limited, supported as it was by government guarantees, had the effect of preventing open market operations on behalf of hedge takers, so that when the statement was made that the exchange had fallen down it was partly attributable to the fact that the exchange had not had a fair chance to function. That, shortly, is the case for the grain exchange.

Then came the elevator owners. They said that sections in this bill would place the whole functioning of their elevators in the hands of the board, and that it was equivalent to confiscation of their property. It was explained that no such result would follow nor was it intended that it should follow. It was intended that the elevators thus licensed under the Canada Grain Act, public utilities as they are, should be made available for what purpose?—that they should receive their fees and charges as provided by the Canada Grain Act itself, and that instead of the operations being carried on for numbers of customers they still would be able to carry on as much as they cared to, or where they could get business from the mills within the province in which they operated, but that the operations would be for and on behalf of the board. They made great complaint against such suggested action. They said that that was not giving them a fair chance to do what they could do. That is their case.

Mr. McFarland was ill. He sent a telegram and said he would be only too glad to answer any questions as to why he had taken any course on any day with respect to wheat—why he had bought or why he had not sold. He was prepared at any time to meet any accusers who had anything to say with respect to the conduct of his business; but he was lying in his bed and could not do so. He cannot have a chance until he is out of his bed and can appear before an authority properly constituted for that purpose. He could not answer personally, but he did answer

to the only possible extent, through Mr. McIvor, his assistant, the sales manager of the Canadian Co-Operative Wheat Producers Limited. Mr. McIvor came before the committee and made a statement, which doubtless has been read by many hon. members. It is there to read.

To-night I do not endeavour to discuss the evidence which has been given and which is recorded in the minutes of the committee. But this fact did emerge: Mr. McIvor gave his evidence; Mr. Bredt gave his evidence; Mr. Bennett gave his evidence and Mr. Brouillette gave his. Now, why for all these years the pools have suffered the charges which have been made against them without offering a defence, I do not know. In a weekly newspaper published in the city of Toronto, charges were made that the action of the pools had had the effect of preventing Canada's grain from finding a place in the markets of the world, that the monopolistic dealings in grain had the effect of preventing prices being as buoyant as they otherwise might have been, and that for some reason or other the Englishman did not buy his grain from us but desired to buy from somebody else. But what is the evidence that was produced? Out of 76 marketing days, on 52 days the pools had offered wheat at a lower price than the Argentine was offering it in order that they might endeavour to sell Canadian wheat; they offered it one-eighth lower, one-quarter lower, as low as six and one-quarter cents lower, and they did not sell it. Read the evidence; it is written there, the market operations of the pool day after day. What does that prove? It proves conclusively that the Argentine, having no facilities for holding wheat, made up their minds, as the evidence shows clearly, that they would sell their wheat, and they must sell it because they have no elevators or storage facilities. The only storage facilities they have are storage facilities afloat when the wheat is being carried across the Atlantic ocean from Buenos Aires and other ports to Europe. That was the position, and there was the evidence given for the first time that might well have been given on previous occasions, evidence as to why there was not a sale of wheat when the large crop of 1929 was being dealt with. That is the evidence, and that evidence was supported by Mr. McIvor and by others.

Then we come to the operations of Mr. McFarland. I keenly regret that Mr. McFarland was not there to afford the answer that he could give to those who asked him why he bought wheat. One witness was asked this question by me, and the matter ended there. I asked, "Why didn't you sell wheat?" The answer was that he was holding wheat while the farmers realized money on their wheat. He had to hold wheat which the markets of the world would not take in order that the Canadian farmers' wheat might be sold in the markets of the world, and that is the reason there is an accumulation of wheat here to-day; that is the reason it is being held to-day.

What was the evidence? The evidence given, and admittedly true, was that out of every 100 bushels of wheat sold in the last four seasons prior to this season 35 bushels had been Canadian wheat, 20 bushels Argentine, 20 bushels Australian, 10 bushels United States, 8 bushels Russian and 7 bushels Balkan and other countries. There is your 100 bushels; there is Canada selling 35 per cent of it in the last four years. During this season on July 31, for the crop season is defined by the grain act as the 31st day of July, this year owing to the lateness of the crop the flow of exports will not commence until the 20th of September, so between now and the 20th of September any wheat in Canada that is sold must of necessity be the wheat of the Canadian Cooperative Wheat Producers Limited and no one elses—the wheat that has been accumulated by Mr. McFarland while the farmers were realizing on theirs. He had to buy of necessity, or the farmers prices would fall. He had to accumulate from necessity or the farmers could not sell their wheat on the markets of the world. He accumulated wheat under those circumstances for the purpose of enabling the Canadian farmers to sell their wheat.

And who was the hedge taker? Who was there to buy hedges? There seems to be apparently much mystery made with respect to hedges. The hon. member for Shelburne-Yarmouth (Mr. Ralston) spoke of it as price insurance. One witness said that the banks would not permit business to be carried on by elevator companies or others unless they hedge their operations, unless they sell their grain. There was only one hedge taker, and that was the Canadian Cooperative Wheat Producers Limited. Why? Because the speculator had withdrawn from the market; the little dressmaker and the office boys in the various institutions and bank clerks could not go into the market any longer. Mr. O'Neal before a committee of congress said: Do you want to save your farmers by destroying these people who should not be speculating? Whether they were speculating then or not, they are not now, and they are not likely to

be for some time because of their experience in the past. So the speculator disappeared. Mr. Milner said the speculator disappeared in a large way. He said: What is the good of a speculator coming to the Winnipeg market when Mr. McFarland took all the hedges there were? But Mr. McFarland did not take the hedges, according to the evidence of Mr. McIvor, until there was nobody else to take the hedges.

What was the government's guarantee? As explained by a witness it was nothing more or less than taking the hedges of the Cooperative Wheat Producers Limited with the banks. They could not get a hedge taker. Nobody would buy their wheat, and so this institution acting under government direction has been able to provide hedges for the entire sales of the wheat crop in western Canada during the last five years. That is what it has been doing to enable the Canadian farmer to receive a decent price for his wheat, to receive anough money to pay him meagrely for the effort he made.

What has been the result? Some hon. members suggest in a spirit of reckless criticism what the results have been. I gave the figures the other day, and I think it is worth while to repeat them. During those years Mr. McFarland has sold one and three-quarter billion bushels of wheat. That is what the farmers have sold. That is what they got their money for. Wheat fell to 38½ cents on the exchange, the lowest price in four hundred years. Why did the farmers get a higher price for it? Why did they get fifty cents, sixty cents, seventy cents and eighty cents? Why? Because Mr. McFarland took the hedges on behalf of the Cooperative Wheat Producers Limited to enable the transactions to be carried on. That is the reason why, and there is not a farmer in western Canada who does not know it; there is not a farmer who as had a bushel of wheat to haul that does not know it.

Let us look at the results not from sentiment, not from the point of view of its effect upon the morale and spirit of the people, but let us look at it in cold dollars and cents. What did the farmers receive for 285 million bushels of wheat? The farmers of western Canada sold in 1932, 285 million bushels of wheat and they received for it $86,000,000, and this year up to the end of April, for the same six months' period they have marketed 177 million bushels of wheat and they have received $107,000,000 for that much smaller quantity. There are the facts. For marketing 108 million bushels less of wheat they received, instead of $86,000,000, the large sum of $107,000,000. In other words they received $21,000,000 more for 108 million bushels of wheat less. There is the story of its operations. There is the answer to the criticism, the unfair criticism that has been hurled over this country from one end to the other with respect to the operations of Mr. McFarland, and the man who could have given the explanation of every day's operations, and why he acted as he did was not able to appear and give his explanation.

But let us go a step further. Let us look at the facts with respect to the day after day operations. Last year Mr. McFarland when examined by the committee on banking and commerce said that he found terrific purchases in one day. The hon. member for Souris (Mr. Willis) has pointed out that nearly 16 million bushels of wheat was bought in one day by this agency. Why did they buy 16 millions bushels? Because it was against the public interest of the Dominion of Canada that wheat should go to a price where it would yield only $86,000,000 for 285 million bushels. That is the answer. The effect upon the whole national life of Canada of the sale of wheat is better understood if one takes the trouble to examine what it means in our ability to pay the interest even on our national debt. A leading man wrote me since these operations began and said: It is a terrific responsibility which government have to carry but unless you are able to do these things and get a reasonable price for your wheat, it being the largest item of your external trade, what happens to you? I leave the answer to this committee.

I do not intend to deal with these matters in detail but I want to point out why this organization has functioned and why its accumulations have taken place and why the sales which have been spoken of have been made. An argument was made to-day which should be exploded once and for all. It was said that the reason Canada could not sell wheat in competition with the Argentine was because Canada's price was too high. All through the sittings of the committee Mr. Bredt gave the quotations and offers which he made to sell wheat at a lower price than the Argentine and every time the Argentine beat him. That is the answer to that.

Let us go a step further. It has been suggested that as the United States was not able to sell wheat it lessened the quantity. The fact that the United States was no longer an exporting country has very little to do with this. The true explanation was given a moment ago by the hon. member for Souris who read from the evidence given before the

committee. What were the total purchases last year of Germany, of Italy and of France, not singly but together? Those three countries purchased only 26 million bushels of wheat. Countries which once were importers are now exporters. France has been selling her wheat and flour in England and has even landed her denatured wheat in the United States market. As I said in Montreal after coming back from England, Italy has been anxious to supply her own wants and has been able to increase her production of wheat by the utilization of fertilizers obtained through the fixation of nitrogen, by the drainage of swamps and by improving acreage production. These things have taken place and the result is that the great importing countries are no longer importing except to the extent of 26 million bushels. Does the committee realize that only a few short years ago these three countries bought over 200 million bushels of wheat? Does the committee realize that prior to the last two or three years those three countries purchased an average of 95 million bushels? The shrinkage in purchases from an average of 215 million bushels per year to 95 million bushels represented the shrinkage in the purchasing power of these countries by reason of the war and the increased production of wheat through the use of fertilizers and by drainage of lands. During that time Canada sold to France an average of 31 million bushels per year, but last year we sold to France, Germany and Italy only 26 million bushels. There is the answer.

A clear and comprehensive statement could have been made based upon the evidence which was given instead of the utilization of decimals and percentages in an effort to make it appear that Canada had failed in her duty to sell wheat in Great Britain and to take the place of the United States. It was quite clear from the evidence that the sale of wheat in London and the bonus system which prevailed made it impossible for France, Germany or Italy to purchase Canadian wheat. We have been able to sell only 26 million bushels to these three countries which a few years ago purchased 215 million bushels and in later years have averaged as high as 95 million bushels. Those are the facts and those facts resolved themselves into the two statements which I made when I came back from England in 1931 or 1932, I forget which year. I stated that these countries no longer desired to pay a ransom. As I explained long ago in the house, this condition was brought about by the prices charged during the war. At that time there was only one Canadian statesman whom I know of—the gentleman is now dead—who said to the farmers of western Canada that they should not endeavour to get $3 per bushel for their wheat as they would feel sorry after the war. There was a shortage of wheat during those years and we were able to get very high prices. The prices went as high as $3 per bushel but those prices were not obtained by pool operations. They were obtained by the farmers and the grain board of 1919 which fixed prices as high as $2.65 per bushel and for some grades as high as $3 per bushel. That fact was known to France, to Germany and to Italy, and in the development of the intense nationalism which has taken place during the last few years this fact has played a great part. We are now faced with an inability to sell wheat upon the markets of the world. These countries have desired to be self-sustaining and self-sufficient and they are no longer on an importing basis. France has been selling her wheat by the millions of bushels in the form of flour and otherwise in Great Britain and the British millers have put themselves on record by saying that because of the competition of French flour and the necessity of their utilizing the 50 million bushels of soft wheat produced under the bonus in Great Britain their ability to buy larger quantities of stronger wheat has been greatly curtailed. In order to compete against French flour they have been forced to buy the cheapest flour possible. That is known to every man who desires to analyse the facts and it will be open to anyone who takes a broad and comprehensive view of the whole situation.

That evidence was before the committee and it considered these matters. Every member had an opportunity to suggest what action should be taken, and the bill which has just been agreed to was based upon the other bill and the suggestions of hon. members in an effort to embody two principles. The first was the price to the producer to be fixed by the board with the approval of the governor in council. In other words, the government of the day must approve of the action taken by the board, ascertain the factors that determine the action they take and arrive at a conclusion. It will be a very difficult conclusion to arrive at and one fraught with grave responsibilities and great implications, but it must be done. The argument with respect to the Argentine was developed during the progress of the examination of witnesses who spoke so highly of the system in use in that country. I thought that if they thought so highly of that system I would put questions to them as to why the same thing should not be done in Canada. The Argentine has a fixed

price and anyone can buy wheat above that price. If a producer in a far distant locality is unable to sell his wheat he can sell it to the board at the fixed price and the board then makes provision for its export to the markets of the world.

There is a second principle in this bill with respect to the producer. It was decided that he should share in any surplus which might arise because of the operations of the board. Objections were made to the initial payment and it was pointed out that certain difficulties had arisen in the past and it was undesirable that a fixed price should be paid. That fixed price does not determine the ultimate price which the producer will receive as he is to share in any surplus which might result from the operations of the board. In connection with the producer there are two principles, the fixed price and the sharing in any ultimate profits which might be made. Through this equitable distribution every man will receive for a bushel of wheat the same price on a Fort William basis if he delivered it to the board.

We return now to the next item, the duties of the board. The board is to be prepared at all times to buy wheat and pay for it a fixed price. That fixed price having been determined and the board having paid it, as it will be obliged to do under this bill, it then must consider the next point. How would it be sold? The hon. member for Shelburne-Yarmouth and those associated with him kept pressing the point with respect to sales, and there was introduced into this bill—I got their notes and tried to give effect to their view—the provision that the board should sell its wheat at such price as might be considered reasonable with the object of promoting the sale and use of Canadian wheat in world markets. That is the principle that governed Mr. McFarland's operations in every particular. The board must regard as reasonable the price at which it sells. Then we come to the next point, which is that it should take over, secondly, the wheat of the Canadian wheat producers; and I pointed out this evening in answer to a question asked that the present thought in our minds was that you would substitute the board for Canadian Co-operative Producers Limited with respect to wheat and wheat only. With respect to other grains they have a small quantity worth half a million or so and the board would not have anything to do with that. That is the position of the board. But it did not end there. What is the provision contained in clauses (i) and (j)? In order that this institution, which it is said has not had a fair chance, should have an opportunity to function without restriction, it is provided that existing facilities shall be used without discrimination. The board shall give an opportunity to these people to sell wheat on the markets of the world; these institutions that have been built up during the years shall be allowed to function for the sale of the product of the producer in the markets of the world, through established channels and existing facilities. You will find that set out in detail in this bill:

> in selling and disposing of wheat as by this act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the board in its discretion may determine.

That is just what Mr. McFarland has been doing during the last five years. When he came into office he stipulated one thing and it was that every existing facility of the pool with respect to sales abroad should be withdrawn—why? Not that he did not believe in them; not at all, but the charge had been unjustly made, that the pool had not been utilizing existing facilities and therefore drawing down on its head the condemnation of these old established facilities going back for centuries, instead of that he felt that they should be withdrawn and existing facilities used.

Does this committee realize that neither Mr. McFarland nor his agency has offered for sale abroad, through their agents, any wheat but always through existing facilities, utilizing them to the full? These same men came to the committee and spoke about the facilties they had abroad, and they have been utilized to the full all these years. No effort has been made to substitute new facilities for those that have been in use. But because of the fact that they may fail it is provided in (j) of section 8 that while they are offering continuously wheat for sale in the markets of the world through the established channels the board may set up their own agencies if the other agencies are not functioning satisfactorily. That is a development of the principle that if you cannot get from others the service you require on the basis of paying for it the usual price fixed by statute, you will have to establish your own agency. So much for that.

Sections 9, 10 and 11 were sections dealing with elevators and facilities, and these sections remain in the act. That is the next principle. They are to come into operation by proclamation if, as and when it is thought desirable by the government of the day that it should be done. If the government of Canada believes that in the public interest

this is necessary, then I have no doubt, whatever government is in power, it will be done. But there is something more than that. Let us examine what is meant by this. I have been rather surprised at some of the observations I have heard. A farmer has a thousand bushels of wheat, and for the sake of argument we will say that the price on the farm is 60 cents. He hauls it to the elevator and this is his choice: he can sell it to anyone he pleases for any price he likes; he can sell it to the board for 60 cents, and he then has, what he would not otherwise have, the right to share in any added price that wheat may bring during that crop year—not that wheat only but all the wheat, bushel for bushel. Under these circumstances is it suggested that there has been any slackening or lessening of the position which we have taken in this matter from the first? None whatever. And if it is found that it is essential, to maintain the principle I have just mentioned, that these sections should be brought into operation, I am sure that no government of the day will fail to take the requisite action; and once it is done it cannot be undone by order in council: it remains as part of the statute law of the country.

There is another point. Some reference has been made to the fact that this statute provides that the board shall buy only wheat from the producers. I insist that that should be so—why? Because they are not going to take the hedges that they have been doing for other people. That is the reason. There is the answer to the whole question raised by the hon. gentleman from Acadia (Mr. Gardiner). The government is not going to be made a convenience of by any trade or any individuals at this time. Instead of Canadian Producers Limited buying wheat, that wheat will be bought by the board on this basis, that whatever the fixed price is, if anyone else takes the wheat he must pay for it an additional price beyond that; and to compensate for the possibility of there being an increase in price it is provided that the producer shall have the right to share in that added price, so that he gets it either way. He either takes the chance of selling it to a competitor of the board or he sells it to the board, with this benefit attached to it with a certificate.

We did not stop there. We heard the grievances of the producer as expressed by Mr. Bredt, Mr. Brouillette and Mr. Bennett. And what did we say? We have provided in this bill, for the first time in the history of this country, this section—that the board shall have the powers of a commission appointed under the Inquiries Act and the right to inquire with respect to the movement of wheat for export, either interprovincially or internationally, through the clearing house and the exchanges in Winnipeg and Vancouver. I do not prejudge, but if any of the facts they allege exist. then they will become known; and if they are as stated, does anyone in this committee think for a moment that any government would hesitate to bring into operation the provisions of sections 9, 10, and 11? There is the position; that is what has been accomplished.

Now let us proceed a step further. In the bill as originally framed it was provided that all grain should be covered. I did that purposely because I was anxious to know what the views of the committee and the producers of the country might be. It is not thought desirable at this time that all grains should be brought within the act but that it should be limited to wheat. That was the opinion expressed and in that sense it has been done. Now the question is, how shall the accumulations be disposed of? That is the next question. This year's crop is to be dealt with in the way I have indicated. The accumulations, which came about in the way I have indicated, are to be dealt with as provided in the act in a special section, namely by their disposition as speedily as may be reasonably possible having regard to economic and other conditions. In other words, the accumulations are not to come into competition with the crop produced this year. As speedily as may be reasonably possible having regard to economic and other conditions—there are the conditions that you have with respect to the sale of the accumulations, and above and beyond all that—and the suggestion in a slightly different form came from the hon. member for Shelburne-Yarmouth—there is paragraph (h):

> To give effect to any order in council that may be passed with respect to its operations.

That is, the governor in council has the power of directing, prohibiting, controlling, regulating, determining the course of action this board shall take with respect to any matter that comes within its jurisdiction. In other words, the responsible government of the country, in its judgment and the exercise of its discretion, has power to control completely the operations of the board.

Then the board is being assisted by an advisory committee. It was suggested by one of the witnesses who had been and still is associated with the pool, that there should be some compensation paid to the producers at

least, as well as others who came to Winnipeg or elsewhere for the purpose of giving their advice to the board. So it will be observed that this advisory board, of whom four out of seven shall be producers, shall be paid their transportation and living expenses and a per diem allowance of $10 while they are away from home. That was to ensure continuity of interest. But it goes further: it provides that the Minister of Trade and Commerce may ask them at any time to give their advice, to meet together. Further, this advisory board shall send a copy of its minutes to the minister in order that he may know what has transpired.

Those are the provisions so far as the operations of this board are concerned. I am not going to dwell longer upon them except to say that this committee and every member of it made, I think, a fair attempt to reconcile contending views in the light of the evidence that was given. I did not conceive it to be the duty of men to take their own fixed opinions with respect to a matter of this kind, but it was their duty, having called witnesses representing every phase of the situation, to listen to what they said, and out of the mass of testimony it became abundantly clear that one group contended they should have an opportunity to show the usefulness of their facilities and that their policies and their programs, based upon those policies, should have an opportunity of being again tried, free from any hampering control, as they contended, such as that of the Producers Limited. That is accorded to them in this bill, but it still holds over their heads the idea that the original provisions of the bill have not been taken from it, but are to be utilized if, as and when in the interests of the producers of this country and of the nation generally it is found desirable to exercise the powers conferred by those provisions. That is one side of the matter. Then the other side was that those who represented co-operative and indivdiual marketing were of opinion that a fixed price was essential and desirable. Some of them urged that the factors indicating how that fixed price was to be determined should be stated in the bill. I am free to say that I urged as strongly as I have done to-night that that should not be done for reasons I shall not now traverse.

We have this bill which the committee accepted for the purpose of doing two things: one, taking care of the surplus accumulations of the wheat of this country at a time when the requirements of importing countries have been enormously reduced, as will be found from the returns, and the production has made no corresponding diminution; second, this year's crop is to flow into the channels of consumption by the methods I have mentioned: a fixed price, a sharing in subsequent profits, if any, and the purchase by the board directly from the producers. It is hardly necessary for me to say to this committee that that is just what has been done, except that Mr. McFarland was buying hedges and that now he will not buy hedges; he will buy the actual wheat from the producers to the extent that this may be necessary, or that the wheat may not be absorbed by those who otherwise might purchase it.

I feel some measure of regret at the very false statements that have been published in the newspapers with respect to this bill. In a great heading by a well known inaccurate correspondent in one of Canada's newspapers appear these words:

Canada to offer surplus of grain in world market.
McFarland ideas and pool repudiated by proposed act.
To fix prices.

What is the effect of this? It is sent out to the world at large during the last few days, in fact during the last few hours as we measure hours relatively, and the price of wheat fell four cents on the Liverpool market to-day. Great rejoicing, I suppose that the wheat that has been accumulated under the conditions to which I have referred is to be offered in the world market! Well, nothing is further from this government than that that should be so. It well may be that other policies may prevail, but they will prevail at the expense of this country. Anyone who knows the intrinsic value of a bushel of Canadian wheat as demonstrated by analysis of its value in protein and other contents as compared with a bushel of wheat of other countries, will understand that the price at which our wheat has been sold is very low as compared with the general price of wheat in the world during the last five hundred years or more of which there is no record. It is true there has been objection, but not to purchasing from one person; there is no objection to that. Some people think there is objection on the part of importers to buying from one agency. To do so simplifies their business. Although I was not a witness, I endeavoured to ascertain from personal inquiry, and the objection was, as I tried to explain to the committee, that there was an endeavour to sell wheat without regard to the old established agencies. Anyone who knows something of, shall I say, the strength of vested interests who discharge great obligations in marketing, whether it be

tea or sugar, wheat or other grains, in the markets of the old country, where the price charged per unit is very small, will understand what the result is if an effort is made to establish, shall I say, a new agency in competition with those old established institutions. My primary reason in rising tonight was to have it known I trust by the inaccurate correspondent of the newspaper—and let him be accurate for once—that as long as this government exists, there is no intention that this country should offer its surplus of grain at fire sale prices or throw its surplus on the markets of the world. I am bound to say in fairness to the committee that this legislation, which is not based on any such idea, was unanimously agreed to by that committee, so that the views which I express are those of the committee unanimously, there being no difference with respect to that whatever. The language used, I may say in fairness to those who are being criticized, is language which, according to my memory, I myself employed with respect to paragraph (c) of section 8 in connection with the sale of the accumulations of the Cooperative Wheat Producers Limited during the past few years. I regret that this result should have followed because of any misstatements that have been made with respect to the principles that will govern the future operations of the board. But over and above and beyond all else stands the fact that whatever may be said, the board must be amenable to the orders in council and direction and control of the government of the day.

I have nothing further to say except this—I have been saying that very frequently—the committee in arriving at its conclusions believed on the evidence submitted by the various witnesses that this bill gives effect to every school of thought and affords a fair opportunity to test by experience the value of the claims made by each, and at the same time protects the producer to an extent that I think has never been done before, by ensuring him a fixed price and his share in the ultimate surplus that may arise from its operation.

Mr. MACKENZIE KING: Mr. Chairman, my right hon. friend must either have been misinformed or have deceived himself when he told the house and country a day or two ago he regretted that he was no longer able to participate in what he called the rough and tumble of debate. If he has not shown this evening that he is in form for the rough and tumble of debate I do not know that we have ever had reason to believe that he was. However, I rise not for the purpose of joining in any bout of the kind but rather to draw the attention of the committee to the difference between what was said by my right hon. friend at the beginning of his remarks and what was said at the close. I am glad there is that difference, because certainly the opening part of my right hon. friend's remarks left a very unpleasant impression on my mind and I think on the mind of the committee generally. My right hon. friend began his address by saying that the bill which the house has been considering this afternoon, upon which we have all worked so amicably and which we have run through without very much discussion, "is mine," and gave no credit whatever to the committee.

Mr. BENNETT: Oh, no.

Mr. MACKENZIE KING: If my right hon. friend will read his address he will see that is so.

Mr. BENNETT: I wrote it on Dominion day.

Mr. MACKENZIE KING: He now confirms the remark.

Mr. BENNETT: And I said I took the suggestions of every member of the committee before doing so.

Mr. MACKENZIE KING: May I ask my right hon. friend, if this is his bill, whose was the bill introduced in the name of the Prime Minister on June 10? I do not wish to deprive my right hon. friend of any credit, which may be his, but I think it is only right that credit in all quarters should be given where credit is due.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: From the month of March there was on the order paper of the house a resolution in the name of the Prime Minister for the introduction of a bill providing for the constitution and powers of the Canadian grain board. On June 10 that bill was introduced and given its first reading by the Prime Minister. My right hon. friend will recall and the committee will recall that I asked him at the time if he would not agree to his bill going to a committee, either a special committee or a select committee, and I gave as a reason for my request that I thought the bill would have to be changed considerably, and that if we could get it before a committee much discussion would be saved when the bill came back to the house. My right hon. friend was not in a position to give an immediate answer; he said he would consider it. He did consider it and he agreed

to the bill going to a select special committee, and I thanked him for agreeing to my suggestion, and it went to the committee. The bill that has come back to the house, as I have it in my hand, is quite another bill. True it is entitled to provide for the constitution and powers of the Canadian grain board, the same number and name—

Mr. BENNETT: No, it is changed in the inside to wheat board.

Mr. MACKENZIE KING: But it has printed on the title page "reprinted as amended and reported by the select special committee."

Mr. MOTHERWELL: A new bill.

Mr. MACKENZIE KING: This is a new bill, a different bill altogether. My right hon. friend's bill was the original bill. It would have gone on to its second reading and into committee of the whole and to its third reading without being referred to any special committee at all but for the suggestion that came from this side of the house and which to his credit my right hon. friend accepted. The bill having gone to the special committee and the members of that committee having worked day and night for days doing their utmost to bring the measure to the point where as far as possible it would be acceptable to all parties in the house, I think my right hon. friend ought to have given full credit to the members of the committee for having achieved that result.

Mr. BENNETT: So he did.

Mr. MACKENZIE KING: My right hon. friend says, "So he did"; he is given to saying diametrically opposite things in the same speech, so that if the necessity arises he can point to whichever extreme may best serve the moment. However, I am quite prepared to acknowledge that in the concluding part of my right hon. friend's remark he did say that he obtained the views or he made notes from and tried to give effect to the views of members of the committee in the bill as finally drafted. Still further on he also said that the bill represented the unanimous views of the committee. All that I wish to stress at the moment —and I do it because I think it is due particularly to those hon. members of the house who served on the committee—is that the bill which has come back from the special committee to this house and has passed through committee this afternoon and this evening is a very different bill from that originally introduced. The bill as originally introduced would not have passed this house without prolonged controversy and discussion, if it would have passed at all. The bill which has passed through committee this day with so very little in the way of discussion has passed in virtue of the changes made by the committee in the original bill, changes which served to make it acceptable to this house, and which I believe will serve to make its provisions acceptable also to the country.

Section agreed to.

Bill reported, read the third time and passed.

CANADA-POLAND TRADE AGREEMENT

Hon. R. B. HANSON (Minister of Trade and Commerce) moved the second reading of Bill No. 121, respecting the convention of commerce between Canada and Poland, signed at Ottawa, July 3, 1935.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

On section 1—Short title.

Mr. HANSON (York-Sunbury): Perhaps a short explanation might be in order at this stage. The bill is the usual form of bill adopted by parliament heretofore in connection with the ratification of conventions between Canada and different countries, and I believe there will be no difficulty in adopting the sections as they come before the committee. I should like to make a statement however with respect to the convention attached as a schedule to the bill.

The convention of commerce between Canada and Poland now submitted to the house for approval should be the means of giving Canada ready access to the Polish market for the first time since the establishment of the Polish republic.

The republic of Poland is one of the larger and more populous of the states of Europe. having an area of nearly 140,000 square miles and a population of over 32,000,000, showing the very considerable average density of 222 persons to the square mile. The import trade of Poland in 1934 amounted to a value of $148,569,360, of which Canada according to the Polish returns supplied only $38,688. According to our Canadian trade returns, in the fiscal year ending March, 1935, Canada imported from Poland and Danzig goods to the value of $154,309 and exported Canadian products to the value of $402,067. I have a statement with me giving the details of the principal products imported from and exported to Poland and Danzig in the last three fiscal years.

Canadian trade with Poland hitherto has been handicapped by the absence of a trade agreement. Up to October 11, 1933, the Polish tariff system comprised (1) normal tariff; (2) maximum tariff (three times as high as the normal tariff); and (3) conventional rates on some goods lower than the normal tariff. While the normal tariff was extended to Canada, conventional rates were withheld and, moreover, the import licence system of Poland was administered in a manner so as to make it very difficult to obtain licences to import Canadian goods.

A new Polish tariff came into force on October 11, 1933, which has restricted the sale to Poland of most Canadian products. This tariff established two sets of rates, those in column I being applicable to merchandise originating in countries with which Poland does not have commercial treaty arrangements. The rates in column II are applicable to countries enjoying "most favoured nation" treatment, and are, on the average, about 20 per cent lower than those in column I. In addition there is a third column consisting of special rates of duty provided for in trade treaties which Poland has concluded with other countries. These special rates of duty usually represent considerable reductions below the rates provided for in column II of the Polish tariff.

The convention of commerce will result in Canada securing most favoured nation treatment in Poland. Consequently, Canadian goods would benefit not only from the rates in column II of the Polish tariff, but also from the special rates provided for in treaties concluded with other countries. If no convention of commerce is concluded, Canadian goods would be subject to the rates of duty provided for in column I, or the highest rates of duty in the Polish tariff.

In addition, schedule A of the convention of commerce provides for special reduced rates of duty on some products which are of particular interest to Canada. These reductions in Polish duties, expressed in Canadian currency at par of exchange, are as follows:

Herrings, preserved:
Weighing more than 500 grams, 12½ reduced to 4½ cents per pound.
Weighing 500 grams or less, 17½ reduced to 6 cents per pound.
Canned salmon, 40 reduced to 12 cents per pound.
Sardines, 40 reduced to 14 cents per pound.
Canned lobsters, $1 reduced to 25 cents per pound.
Patent leather:
In whole or half skins, $1.11 reduced to 50 cents per pound.
In cuttings or pieces, $1.22 reduced to 55 cents per pound.
Silver fox skins, $25 reduced to $5 per pound.

[Mr. R. B. Hanson.]

Chemical wood pulp for the manufacture of paper, 75 reduced to 40 cents per 100 pounds.
Chemical wood pulp, other, 75 reduced to 50 cents per 100 pounds.
Ice skates, 15 reduced to 10 cents per pound.

These calculations have been made at par of exchange. In order to arrive at the equivalents of the Polish duties at the current rate of exchange it would be necessary to add approximately 66 per cent to the amounts given in this statement.

In addition, the convention of commerce provides that Canada shall receive treatment in respect to quotas as favourable as that extended to the importation of similar articles from other countries. Many classes of goods are subject to restrictions on importation into Poland. As a result of the conclusion of the convention of commerce, quotas will be established for the principal products which we desire to ship to Poland on a basis agreed upon between the two governments. Among other products which should benefit from the establishment of a quota is fresh apples, the trade in which has hitherto been restricted by the difficulty which importers in Poland have experienced in securing licences for the importation of apples from Canada owing to the fact that there has been no trade treaty between the two countries.

The tariff concessions granted by Canada to Poland are embodied in schedule B to the convention. These relate to twenty-one items of the Canadian customs tariff. In the case of nine items the effect of the concession is to consolidate free entry for articles which are now free of duty under all tariffs. Books printed in Poland and in the Polish or Ukrainian language, covered by items numbers 169 and 171 of the Canadian customs tariff, will be made free of duty. In the case of item 171 it was necessary to obtain the concurrence of His Majesty's government in the United Kingdom because this item being included in schedule E to the trade agreement between Canada and the United Kingdom, the margin of preference had been guaranteed. The duty on positive moving picture films made in Poland and speaking the Polish or Ukrainian language, if one and one-eight of an inch in width and over, will be cut in half. To this item and to those relating to books in the Polish or Ukrainian language the government of Poland attach importance from the point of view of cultural rather than of commercial relations. The concessions in respect to the remaining nine items covered by the convention involve discounts from the intermediate tariff varying from 10 to 45 per cent. In the case of two items, those relating

to clover seeds and to furniture, similar concessions are embodied in the trade agreement with France, so that no further reductions will be extended to most favoured nations by the granting to Poland of the concessions respecting these products. The other concessions granted to Poland relate to the following products:

Canned hams;
Dried mushrooms;
Manufactures of alabaster, n.o.p.;
Cut, pressed, moulded or crystal glass tableware, decorated or not;
Blown glass tableware and other cut glass ware;
Horse hair, curled or dyed, n.o.p.;
Trunks, valises, hat boxes, carpet bags, tool bags and baskets of all kinds, n.o.p.;
Ornaments, statues and statuettes of alabaster.

When the convention comes into force the duties on these products, imported from countries entitled to most favoured nation treatment, will be reduced to the extent of the discounts from the intermediate tariff specified in schedule B.

I shall be pleased to answer any question I may concerning the different sections, as they are reached.

Section agreed to.

On section 2—Convention approved.

Mr. MACKENZIE KING: As I understood the minister's explanation, so far as duties are concerned, goods coming from Poland are now to come in free or at a lower rate of duty than exists at the present time.

Mr. HANSON (York-Sunbury): In all cases most favoured nation treatment has been given except in nine, where the duties are even lower, and in other cases they are free.

Mr. MACKENZIE KING: I must congratulate the government in having come around to the correct point of view in regard to tariffs. It may be a deathbed repentance, but it is just as well to have it.

Mr. HANSON (York-Sunbury): That is a matter of opinion.

Section 2 agreed to.

Sections 3 to 5 inclusive agreed to.

Schedules agreed to.

Bill reported, read the third time and passed.

DOMINION HOUSING ACT

CONCURRENCE IN SENATE AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. 112, to assist the construction of houses.

He said: There has been but one amendment made by the Senate, and I just asked the opinion of the right hon. gentleman opposite whether he thought the amendment was better than the original wording. Paragraph (d) of section 2 as it passed this house read as follows:

"Housing scheme" means a scheme for the construction of houses and their occupation by tenants or purchasers.

The Senate has concluded to add between the words "and" and "their" in the seventeenth line the word "for," so it will now read:

"Housing scheme" means a scheme for the construction of houses and for their occupation by tenants or purchasers.

That is the only amendment.

Motion agreed to; amendment read the second time and concurred in.

FRUIT, VEGETABLES AND HONEY ACT

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 95, respecting fruit, vegetables and honey.

He said: The amendments made by the Senate are very slight. The word "establishment" is defined in the second section of the act as follows:

"establishment" means any plant, factory or premises in which produce is canned or preserved for food for export.

And "export" is defined as:

"export" means export out of Canada or out of any province to any other province thereof.

The Senate amendment defines "establishment" as

"establishment" means any plant, factory or premises in which produce is canned or preserved for food for export or interprovincial trade.

The words "or interprovincial trade" are added. The Senate has amended the definition of "export" to read:

"export or interprovincial trade" means shipment out of Canada or out of any province to any other province thereof.

Then section 10 of the bill and succeeding sections have been amended by the use of three words somewhat different from what we used to express the necessity for licensing. Section 10 reads:

No commission agent shall accept or offer to accept for sale on commission or otherwise deal

in any produce shipped from a point outside the province in which he carries on business unless he has obtained a licence from the minister.

The Senate has struck out the words "he has obtained a licence from" and substituted therefor the words "thereto licensed by." The same amendment is made in section 11 and 12. Then in section 14 the words "or interprovincial trade" have been added after the word "export" so that it will now read:

No person shall assemble or ship honey or for export or interprovincial trade unless he be first duly registered in accord with the regulations.

"Export" as amended by the Senate means shipment out of Canada or out of any province to any other province thereof, so I would hardly think the amended section 14 was as good as our own section, but there can be no harm in accepting it as it stands rather than sending it back to the Senate.

Then section 16 is amended by striking out the words "any produce" in the first line of the section and those two words have been inserted in the second line after the word "carry." So that it will now read:

No common carrier shall receive for carriage or carry any produce to a destination without the province wherein the same is received unless such produce is accompanied by an inspection certificate or other evidence of inspection prescribed by regulation.

Through a misprint "any" was used instead of the word "an," referring to an inspection certificate. The amendment is not in any sense important.

Motion agreed to; amendments read the second time and concurred in.

COMBINES INVESTIGATION ACT

CONCURRENCE IN CERTAIN SENATE AMENDMENTS AND NON-CONCURRENCE IN OTHERS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 79, to amend the Combines Investigation Act.

He said: With the leave of the house I should like to deal with the amendments made by the Senate to this bill, if there is no objection.

Mr. MACKENZIE KING: There is no objection, but I shall have something to say with regard to the amendments after my right hon. friend has spoken.

Mr. BENNETT: The right hon. gentleman has seen the amendments, I take it?

[Mr. Bennett.]

Mr. MACKENZIE KING: I have before me the Senate proceedings.

Mr. BENNETT: In line 10 of section 2 the Senate have added after the word "combination" the words "having relation to any commodity which may be the subject of trade or commerce," so that it will read:

"Combine" means a combination having relation to any commodity which may be the subject of trade or commerce,

And so forth.

Mr. MACKENZIE KING: Would it be convenient to my right hon. friend if I raise my objection now?

Mr. BENNETT: Quite.

Mr. MACKENZIE KING: As I see the effect of this amendment it will rule out of consideration all service industries. Plumbing, for example, would not come within the definition as it is now set forth by the Senate, and anything in the nature of a plumbing combine or a combine of plumbers could not be investigated under the act. That is one of the service industries that have already been investigated. It seems to me that they should not be exempted because of any change in the definition, and I do not think that definition should be allowed to stand.

Mr. BENNETT: I am bound to say that I share the right hon. gentleman's opinion with respect to that. If the act were limited to commodities it could not deal with a combination for services or other non-physical intentions.

Mr. MACKENZIE KING: Of service industries.

Mr. BENNETT: I think we will disagree with that amendment and we will prepare a message accordingly. The next is in line 29 and substitutes the word "designed" for "likely."

Mr. MACKENZIE KING: The word "designed" will necessitate proof of intention, and that is always difficult. As I recall the evidence before the price spreads commission, that was requested by the manufacturers' association but was not accepted by the commission. The word "likely" was put in as not requiring the same measure of proof of intention. My right hon. friend will see the force of that.

Mr. BENNETT: A thing may be likely to operate and have the most innocent parties in the world behind it; therefore I think it should be designed to constitute that sort of offence.

Mr. MACKENZIE KING: If you substitute the word "designed" you will have one of the most difficult of legal proofs to establish. To that extent you practically destroy one of the essential features of the measure. That ought to be looked into.

Mr. BENNETT: We will let that stand. The next is on page 2 and deals with subsection 4. A new definition is inserted which reads:

(4) "Merger, trust or monopoly" means one or more persons

(a) who has or have purchased, leased or otherwise acquired any control over or interest in the whole or part of the business of another; or

(b) who either substantially or completely control, throughout any particular area or district in Canada or throughout Canada the class or species of business in which he is or they are engaged,

And extends and applies only to the business of manufacturing, producing, transporting, purchasing, supplying, storing or dealing in commodities which may be the subject of trade or commerce: Provided that this subsection shall not be construed or applied so as to limit or impair any right or interest derived under The Patent Act, 1935, or any other statute of Canada.

Mr. MACKENZIE KING: When the bill was before the house the Minister of Justice (Mr. Guthrie) brought this amendment to the attention of the house but he said he would not press it. I took exception to it on the ground that a patent might be used for the purpose of creating a monopoly; I thought the public interest was more important than the interest of any person holding a patent right, and that the restricting of the definition in that way was a mistake.

Mr. BENNETT: We have an international convention with respect to patents which was signed in 1926 or 1928, and I am speaking subject to correction when I say that this merely gives effect to a provision in the international agreement signed at The Hague.

Mr. MACKENZIE KING: Patent law is a very special branch of the law, and I shall not venture to give a legal opinion upon this. But if this amendment is to permit the overriding of the public interest by virtue of a right under some patent held by a company, it should not be permitted.

Mr. BENNETT: Mr. Speaker, I hope you will excuse our dealing with this matter in this way rather than in committee. The right hon. gentleman will remember that I pointed out that the Patent Act contains provisions for the protection of the public interest where the patent is not worked or under various other contingencies. Our patent act largely follows the English act, which was predicated upon the convention signed at The Hague. So far as this amendment is concerned I submit—again speaking subject to correction—that it is made to give effect to our international obligations and the public interests are amply protected by the provisions of the Patent Act. However, I shall look into the matter. The next amendment is to insert a new paragraph (b) reading as follows:

(b) to bring at once to the minister's attention every such application;

I think that is desirable. The next provides for the re-lettering of the paragraphs, and I do not believe there will be any objection to that. The next deals with line 32 and deletes the words "or is being formed." I think that amendment is proper. The same amendment is made in connection with lines 40 and 41 and lines 44 and 45. The next refers to page 4, line 8, and substitutes the word "therefor" for the word "thereof." The same amendment is made in line 11. I think those are proper. The next deals with line 37 and inserts the words "by the commission" after the word "believed."

Mr. MACKENZIE KING: As I read that section it would mean that there could be no investigation until the commission in the first instance had made up its mind that there was a combine. As a matter of fact, the purpose of an investigation would be partly to establish whether or not there was a combine. As I read the section the commission would have to declare its belief before an investigation could take place, and it might be possible to defeat any inquiry at all.

Mr. BENNETT: The right hon. gentleman will remember that under the existing combines act there has to be some belief.

Mr. MACKENZIE KING: A prima facie case.

Mr. BENNETT: Exactly. I think the extraordinary powers given to the commission would not make it unreasonable that it should authorize an inquiry.

Mr. MACKENZIE KING: It will be interesting to see how it works out.

Mr. BENNETT: The next amendment deals with line 24 on page 5 and substitutes the word "directs" for "allows." I think that is correct.

Mr. MACKENZIE KING: As I understand that section it will prevent documentary evidence which has been filed with the commission from being used against the persons who file the evidence at any trial which may ensue.

Take, for example, one of the coal companies which have been investigated; if they had filed certain documents it would have effectively precluded the use of those documents at the trial. In that way it would be possible to thwart any attempt to bring such companies under the provisions of the act.

Mr. BENNETT: I do not think my right hon. friend has followed that section quite carefully. Read section 20 of the act:

All books, papers, records or things produced before the commission, whether voluntarily or in pursuance of an order, may be inspected by the commission and also by such persons as the commission directs, and copies thereof may be made by or at the instance of the commission.

That provides for copies being kept by the commission; it is not the section the hon. gentleman refers to. The next amendment is on page 6 in line 41. The words "oral evidence so given" are struck out and the words "evidence or documents so required" substituted. That is the usual provision giving effect to the Canada Evidence Act, that a man is not bound to convict himself. I think that is all right. Now we come to one which is somewhat more difficult. On page 7, section 20, line 11, it is provided:

The commission at the conclusion of every investigation which they conduct shall make a report in writing and without delay transmit it to the minister. Such report shall set out fully the conclusions reached, the action, if any, taken, and any other material which may be required by regulation under this act.

Then is added a new subsection (2):

The commission shall at the same time deliver into the custody from whence they came, if not already delivered, all books, papers, records and other documents in its possession as evidence relating to the investigation, but before doing so the commission may extract from such documents and certify as true copies such relevant parts thereof as it may deem to be necessary for any purpose of this act, whereafter such parts, so certified, shall have and be accorded in all courts the same probative force as the equivalent parts of the originals of which they are copies.

I think that is a rather desirable provision to have. It enables the commission, when returning originals, to keep copies to meet the possibility of the originals being inadvertently lost, and to enable it to produce the copies at any trial that may take place. They have the same probative force as equivalent parts of the originals of which they are copies.

Mr. MACKENZIE KING: That is all right.

Mr. BENNETT: There is no amendment on page 8 but on page 9 there are several:

27. Section forty-one of the said act is repealed and the following is substituted therefor:

[Mr. Mackenzie King.]

41. The commission shall, annually, report to the minister its proceedings under this act and he shall lay such report before parliament if it be then sitting, and, if it be not then sitting, within the first fifteen days of its then next session.

That is perhaps a very desirable change. As section 28 they have added:

No person shall be charged with, tried for or convicted of an offence against this act, by the same information, upon the same evidence or at the same time as he is charged with, tried for or convicted of an offence against section four hundred and ninety-eight of the Criminal Code.

That is, I think, a proper section to have in a statute of this kind. Section 29 is:

This act shall come into force on the first day of October, 1935.

How we allowed it to go in the form we did I do not know, because it is not the proper form. I would move that the amendments other than the first amendment on page 1 and the second amendment on page 1 be read the second time and concurred in.

Mr. RALSTON: With regard to the definition of "combine," do I understand that the whole section 2 as it appears in the act is cut out and that the four line provision is substituted?

Mr. BENNETT: No; I read only the first paragraph. The others all remain. I move, Mr. Speaker, that the amendments, apart from amendment No. 1 and amendment No. 2, both on the first page, be read the second time and concurred in.

Motion agreed to; amendments read the second time and concurred in.

Mr. BENNETT: I move that amendments No. 1 and No. 2 be not concurred in for the following reasons.

1. That a combine may exist with respect to a subject matter other than a commodity, and it is the purpose of the act to deal with such a combine.

2. That it is the intention of the act to deal with a condition where a combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public.

3. To substitute "designed" for "likely" would involve a proof of intention which experience has indicated it is difficult to establish. And that the same be sent to their honours.

Motion agreed to.

FARMERS' CREDITORS ACT

CONCURRENCE IN SENATE AMENDMENT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 114, relating to the application of the Farmers' Creditors Arrangement Act, 1934, in the province of British Columbia.

He said: The Senate has inserted an amendment bringing the act into force only upon proclamation of the governor in council, and I am quite prepared to accept it. I move concurrence.

Mr. MACKENZIE (Vancouver): I am in favour of the amendment, but there is an anomaly inasmuch as the bill said that after the first day of July, 1935, the act should cease to be in force.

Motion agreed to; amendment read the second time and concurred in.

DOMINION ELECTIONS ACT, 1934

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 105, to amend the Dominion Elections Act, 1934.

He said: Before the motion is put I wish to explain that in accordance with the announcement made some days ago sections 1, 2, 3, 4, 5, 8, 9 and 10 will be withdrawn, leaving the remaining sections and one or two suggestions that have come recently from the chief electoral officer, which I propose to submit at his request.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

Mr. GUTHRIE: While we are waiting for the reprinted bill, I may explain that the only remaining sections in the new bill as reprinted will be: Section 1 which deals with advance polls and which provides that the advance polls shall be open on the Thursday, Friday and Saturday before polling day until ten o'clock at night on each day.

Mr. LAPOINTE: That is one more day than formerly.

Mr. GUTHRIE: Were there three days formerly?

Mr. LAPOINTE: Two.

Mr. GUTHRIE: Well, this is in accordance with the request of the Trades and Labour Congress and others. The next is a section to waive the necessity of the chief electoral officer going into the preparation of voters' lists for the by-elections which would not be held until after dissolution.

Mr. GRAY: The date was fixed for the by-elections.

Mr. GUTHRIE: This is to waive the necessity for the preparation of voters' lists for those by-elections. The next change is for the adoption of a new form of oath of the voter at the poll where he is challenged. At present all that is provided for is an oral oath. The new form is one that has to be signed by the man who takes the oath. It is for the purpose of identification and also of proof if proceedings are afterwards taken.

A new section which has been suggested by the chief electoral officer is to amend section 24 of the act passed last session by striking out the first seven words of that section. It provides that:

> Immediately after he has granted a poll, the returning officer shall, by writing in form 10 executed under his hand, appoint one deputy returning officer for each polling station.

Complaints have come from the returning officers in some of the constituencies which are more or less remote that sufficient time is not allowed between nomination day and polling day for the purpose of appointing deputy returning officers in all the distant polling subdivisions. It has been suggested by the chief electoral officer that the words "immediately after he has granted a poll" be struck out and the following words substituted:

> Immediately after the issue of the writ of election.

So that it will read:

> Immediately after the issue of the writ of election the returning officer shall appoint deputy returning officers.

It so happens that in Canada we do not have very many uncontested elections or acclamations.

Mr. McPHEE: That is not in the bill.

Mr. GUTHRIE: That is a suggestion I am making now; it is one that came to me from the chief electoral officer and I see no objection to it. If we had many elections by acclamation, there might be a great deal of expense in appointing returning officers who would have no duties. I think in only one case in the last election was there an acclamation.

Mr. LAPOINTE: Two.

Mr. GUTHRIE: I see no objection to this, and it has been requested to meet the difficulty in some of the larger constituencies that are harder to reach. I would move that as a new section to be section 5 of the reprinted bill.

Mr. MACKENZIE KING: Is the minister moving all of these or is he going to move them individually?

Mr. GUTHRIE: Individually. The other one that is suggested by the chief electoral officer is to correct a mistake in the French translation of the statute. In the present act the term "deputy returning officer" is used in one section where it should be "returning officer" and it is proposed to introduce a new section that:

> The French version of paragraph (f) of subsection 1 of section 30 of the said act is amended by striking out the words "le sous-officier rapporteur" in the fifth line and substituting therefor the words "l'officier rapporteur."

I would like to add that and I will move that it be added as section 6 of the reprinted bill.

Amendments agreed to.

Mr. GUTHRIE: Now we can return to section 1 of the reprinted bill.

Section 1 agreed to.

On section 2—When writ for by-elections after date of dissolution deemed to be superseded.

Mr. MACKENZIE KING: This section has been framed with a view to avoiding the necessity of having by-elections at all. I should like to draw attention at this moment to the constituencies in which there are vacancies and to the length of time they have been unrepresented in this house. Far be it from me to say anything unpleasant at this hour of the night and at this late day in the session, but in view of the new deal and reform legislation that we have had, it is important that we should appreciate the extent to which a large section of Canada has been unrepresented during this whole session. These by-elections cannot now be held under any conditions. There was a vacancy in Halifax on September 1 of last year; another in Long Lake on September 28 of last year; another in St. Denis, Quebec, on October 1 of last year; another in Algoma East on January 1 of this year; another in St. John-Albert on February 5 of this year; another in Montmagny, Quebec, on March 5 of this year, and another in Simcoe East on May 16 of this year—seven vacancies; seven constituencies without representation during the greater part of this session.

Mr. LAPOINTE: Seven deadly sins.

Mr. MACKENZIE KING: And in the case of six I think the Speaker has issued his writ for by-elections to be held on August 19. Parliament dissolves by efflux of time on August 18, a Sunday, and the following Monday has been fixed for these by-elections. The present section is to obviate the necessity of holding these by-elections, and it is left in the discretion of the chief electoral officer to declare that it is not likely that these by-elections could be held before a dissolution. Personally I do not like the idea of giving to an officer of the house the decision as to whether or not a by-election is to be held. The house itself ought to keep control of all matters which pertain to representation. The section, I think, might have been worded a little differently, for example somewhat as follows, to achieve the end in view and still keep control in the hands of the house:

> Notwithstanding anything in this or any other act, if a writ of election has been issued for a by-election to be held on a date subsequent to the dissolution of parliament as provided by section 50 of the British North America Act, then such writ shall, upon notice to that effect being published in the Canada Gazette by the chief electoral officer, be deemed to have been superseded and withdrawn.

I do not think the House of Commons should part with the control over its own representation even to meet this disagreeable emergency in which the government finds itself. I make that suggestion.

Mr. GUTHRIE: I move the amendment suggested by my right hon. friend:

> That the words "likely to be" in line 15 and the words "in the opinion of the chief electoral officer" in lines 15 and 16 be struck out, and that after the word "parliament" in line 16 the following words be inserted, "as provided by section 50 of the British North America Act."

Amendment agreed to.

Section as amended agreed to.

On section 3—Form 20 amended.

Mr. McPHEE: This appears to be a very drastic affidavit. Take the last section, No. 5:

> That the signature which I have made to this deposition is in my usual handwriting, and is my true name.

That means that a man who is unable to write would be refused the right to take the oath.

Mr. BENNETT: His mark is his signature. There are decisions of the courts for that. It does not say "written" but "the signature which I have made." That is to cover the question of the mark. The mark is his signature.

Mr. McPHEE: Could it not be clarified? I can quite understand that some deputy returning officer might frighten a proposed deponent.

Mr. FACTOR: Under the provisions of the act an illiterate person may take an open ballot. He does not have to mark the ballot; the returning officer marks it for him. If he is compelled even to make a mark there may be some difficulty in registering his vote.

Mr. POULIOT: There is the same thing about the blind. But very few will be blind about the next election.

Mr. MACKENZIE (Vancouver): Add the words "or mark" after the word "signature."

Mr. BENNETT: You could not say it is his usual handwriting.

Mr. LAPOINTE: Is this the only case where a written affidavit is required? Usually when a voter is challenged he takes the oath but does not sign anything.

Mr. BENNETT: It is to prevent the fraud that arises by reason of that. There is no sanction to it at all. Impersonators have taken the affidavit by hundreds.

Mr. LAPOINTE: If many electors are challenged in that way and they have to make written affidavits, I am afraid a number of electors will not be able to register their vote because of lack of time. It often happens, it did in my own constituency in the last election, that in the afternoon people are waiting to vote, and there were many challenged votes and we were afraid that a number would not have time to vote. If this is taken advantage of by some representatives of candidates and every voter is required to have an affidavit prepared and sign it, or affix his mark if he is not able to sign, I am afraid there will be a blockade at the door of certain polls. I do not think this has been sufficiently considered.

Mr. POULIOT: Not only that; the distribution of polls has been most absurd. In my constituency there are polls with fifty voters and others with four hundred. If the deputy returning officer takes advantage of that clause to impose an oath on every voter it will be impossible for all on the list to vote. Elections might be stolen with that provision. I strongly protest against it; it should be drafted differently. It has been in the oven long enough to be drafted properly.

Mr. FACTOR: Section 38 of the election act provides that if a man's name is on the voters' list he is entitled to vote. I quite agree that if there is impersonation it ought to be checked, but the proper way would be to administer the oath in the most expeditious way possible. Having this long form, and the returning officer having to have it signed by the elector, will clog up the polling booths and deprive a great number of voters of the right to vote. This is a long form; it will have to be read over—

Mr. GUTHRIE: It is the same form; it will have to be read anyway—the only thing that will take time is the signing of the name. The returning officer has to sign under the present law. There are only three hundred voters on the list for any polling subdivision.

Mr. FACTOR: But the former oath was much shorter; there was nothing about its being in the usual handwriting.

Mr. GUTHRIE: It is the same oath except that last line:

> That the signature which I have made to this deposition is in my usual handwriting, and is my true name.

Mr. FACTOR: Is clause 4, about the occupation, in the present oath?

Mr. MACKENZIE KING: Was this particular form in the bill that was presented to the house a year ago?

Mr. GUTHRIE: I do not think so.

Mr. MACKENZIE KING: My recollection is that there was some similar form, if not this one, and that strong exception was taken, particularly by the hon. member for Hochelaga (Mr. St-Père), on the ground taken this evening, that it might lead to polls becoming jammed on account of the length of time it would take to sign these forms.

Mr. GRAY: As the hon. member for Toronto West Centre (Mr. Factor) has pointed out, under the Dominion Elections Act if a man's name is on the list he is entitled to vote. Here again, under section 3 we compel him to say that he is ordinarily a resident and to repeat all the qualifications which were required when he was placed on the list by the registrar. It seems to me that there are many superfluous sections in this affidavit, and I believe it might well be reconsidered.

Mr. GUTHRIE: Let us read the present oath, which appears as form No. 20 of the act of last year:

> You swear that you verily believe that you are the person intended to be referred to by the entry in the list of voters for this polling division of the name of .....
> whose occupation is given as .....
> and whose address is given as .....
> So help you God.

The blanks have to be filled in.

Mr. GRAY: I say that is all that is necessary.

Mr. GUTHRIE: The suggested form shows a residential qualification and complies in that respect with the section—

Mr. MACKENZIE (Vancouver): With what is already proved to the registrar.

Mr. GUTHRIE: —with the section of the Franchise Act applicable to the case, namely, that the person was on the list of voters on May 15, the date mentioned in the Franchise Act. That is the reason the date has been included here.

Mr. MACKENZIE (Vancouver): One is an oath administered and the other is an affidavit made. There is quite a difference.

Mr. GUTHRIE: It is for the purpose of identification and to reduce the number of fraudulent votes polled at elections. The purpose is so far as possible to stop impersonation.

Mr. MACKENZIE (Vancouver): Last year's form is much better than this one.

Mr. GUTHRIE: No, because it is an open oath. A man took it, voted and went away and there was nothing to identify him. Now we have his signature. It has been found that if it were desired to prosecute it was difficult to make an identification. Here we have a document upon which he may be prosecuted.

Mr. GRAY: Surely it must have been noted at the time the man voted that he was sworn?

Mr. GUTHRIE: There is a note made by the returning officer, yes.

Mr. FACTOR: Section 38 of the Dominion Elections Act provides that once a man is on the basic voters' list as revised he is entitled to vote. This affidavit would put him through another test, just as though he were going through another enumeration.

Mr. HACKETT: Merely to identify him with the name on the list.

Mr. MACKENZIE (Vancouver): It simply will not work. It is a discrimination against people unfortunate enough to be illiterate.

Mr. BENNETT: No.

Mr. POULIOT: Why not ask the elector to sign his name on the ballot? That would be just as good.

Mr. FACTOR: I repeat that this suggested change is in contravention of section 38 of the Dominion Elections Act, which provides that once a man's name is on the voters' list he is entitled to vote, provided he is not impersonated. Here the suggestion is made again to put him through the test which he was put through either by the enumerator in connection with the preparation of the basic list or by the revising officer when the revision took place. He has already taken a certificate or oath that he has been in a certain electoral district. On the day of election we would be putting him through the same test, so far as sections 2 and 3 of the bill are concerned. I say such procedure would be in contravention of section 38. If we wish to guard against impersonations, all right, but not in this form.

Mr. MacNICOL: I am strongly in favour of this—

Mr. CASGRAIN: Of course.

Mr. MacNICOL: —new form 20.

Mr. POULIOT: Then it must be wrong.

Mr. MacNICOL: It might be wrong if you said it. The revision which has been taking place since May 15 convinces me that such a form should be available, and I believe it would not be used as certain hon. members of the opposition have attempted to indicate. There will be people appearing at the polls in the coming election who will not be entitled to vote for this reason: In enumeration which has taken place in constituencies with which I am familiar the work was done by enumerators sent out by candidates or members. When these enumerators called to ascertain whether there were new names to be put on the lists in many instances they would find that the people were not at home and, under such circumstances, would leave a form. At a later date they would call back and get the forms. I believe there will be occasions when it will be necessary to ask a man if he is a British subject, and, if it is believed that he is not, to ask him to swear to it. I know of polling subdivisions where as many as 105 changes have been made from the list prepared last October. Information which has come to me indicates that several of the people whose names have been added to the lists are not twenty-one years of age. I was told of a young lady—I shall not give her name, because it would not be my business to challenge her vote—who was only nineteen years of age and, contrary to advice, it is said her name was placed on the list. Undoubtedly there will be many cases like that, and I suggest the amended form would provide against this difficulty because the person must state, if sworn, he or she is of the full age of twenty-one years. I can see nothing wrong with that. Then he or

she must swear to being a British subject, and I believe people have been put on the list recently who may not be British subjects.

Mr. FACTOR: There is no objection to paragraph 1.

Mr. MacNICOL: And I can see no objection to clause 2. I believe it is quite necessary because I have been told by enumerators in Toronto—I do not know if the same condition exists elsewhere—that those who gave their names were not always asked if they had lived in the constituency three months or in Canada one year. If it is known that a voter has not been in a constituency in which he attempts to vote for a period of three months—

Mr. GRAY: All that should have been done at the revision.

Mr. MacNICOL: But in the present revision the enumerators named either by candidates or members may not have ascertained that.

Mr. GRAY: There has been a revision since the list was established.

Mr. MacNICOL: Yes, I know. I am trying to point out that ordinarily it is supposed that the registrar of electors has been making all the revisions. It is true that in my constituency the registrar sat at three different places and my information is that approximately 200 or more names were enrolled at those three offices at which the registrar of electors held his revision. While he did his job efficiently, there have been between three and four thousand other names added in my riding, which goes to show that over three thousand names were added by the enumerators appointed by the candidates or by the member. I am convinced that this is a very necessary form, and I cannot see any objection to it. I cannot see where it would do any harm. It would stop those who have not the right to vote.

Mr. GRAY: Mr. Chairman, may I call attention to the fact that it is now nearly a quarter past eleven o'clock? I think the Minister of Justice would be well advised to consider the representations that have been made from this side of the house.

Mr. GUTHRIE: Yes, I will consider them, but I think there is a great deal of force in what has been said on this side. These lists are prepared in the cities particularly by enumerators, and there are a lot of names on the lists of people who are not British subjects and are not twenty-one years of age. The first clause is very essential in the oath; that is the one that I think is most important. However, I will consider it between now and to-morrow morning.

Mr. LAPOINTE: It is more to the requiring of a signature that I object than to the sections 1, 2, 3 and 4, because it will have the effect of jamming the polls.

Mr. BENNETT: Only three hundred under the new act.

Mr. LAPOINTE: There are some people who do not like to be sworn in when they come to register their vote. We have even thought of compulsory voting in this country, so I do not think we should put such obstacles and difficulties in the way of people who are bashful and do not like to have their vote challenged or to have to sign their names, especially illiterate people. I do not think it is right. I do not see what you can accomplish by it, because the man who goes there with fraudulent intent will not hesitate to sign if he is asked to sign. It is the honest people you are going to prevent from voting.

Section stands.

Progress reported.

It being fifteen minutes after eleven o'clock the house adjourned without question put, pursuant to standing order.

Friday, July 5, 1935

The house met at eleven o'clock.

B. C. RELIEF CAMP STRIKERS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I should like to direct a question to the Minister of National Defence or to the Prime Minister—I am sorry I was not able to give notice of it—in response to telegrams that I have received this morning with respect to the movement of the men at Regina back to British Columbia. The question is this: Is the government prepared to cooperate with the government of the province of British Columbia to ensure that only those properly domiciled in British Columbia will be returned to that province? Also, will the Minister of National Defence take steps to see that those who were properly in the camps will not be returned to the city of Vancouver?

Hon. GROTE STIRLING (Minister of National Defence): I shall be very ready to take into consideration the request of the hon. member. It is a little difficult at the

present moment to make any definite reply because the movement of these men to whom the hon. member refers is at present being carried out by the premier of Saskatchewan.

Mr. MACKENZIE (Vancouver): I want to make it very definite that there is no objection to returning to British Columbia those who are properly domiciled in that province, but we know very well that not twenty-five per cent of those in the camps and properly domiciled in the province of British Columbia belong to the active strikers.

Mr. STIRLING: Yes, I think I fully realize that point.

TRADE AGREEMENT WITH UNITED STATES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, yesterday this house passed a bill approving a treaty between Poland and Canada which had the effect of reducing duties on some of the commodities of each of these countries. May I ask the Prime Minister whether further progress has been made towards effecting such an arrangement with the United States, an arrangement that will have the effect of reducing the duties, on each side, on certain commodities, something that is greatly to be desired?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have nothing to add to what I said the other day. If any finality had been reached I would have advised the house, but no final conclusion has been reached with respect to any of the terms that would enable me to make a statement to the house.

BORSTAL SYSTEM

On the orders of the day:

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, some little time ago my hon. friend from Quebec East (Mr. Lapointe) asked me if any statement would be made in the house in regard to the establishment of the Borstal system in the penitentiaries of the Dominion of Canada. I have now obtained what is called an interim report on the subject from the superintendent of penitentiaries together with a number of appendices, some five or six, which if the house will permit me I would like to put on Hansard for the benefit of the members.

The superintendent of the penitentiaries visited Great Britain and returned about the first of June. During his visit there he carefully examined many of the leading Borstal institutions. Those particularly noted in the report are the ones at Wormwood Scrubs, Wandsworth, Feltham, Portland, Rochester, Lowdham Grange. Those are the leading Borstal institutions in England at the present time.

In his interim report the superintendent sets out in a good deal of detail his observations, and I would particularly draw to the attention of the house the statement contained in appendix "B" which sets out the youthful population in Canadian penitentiaries as of the seventeenth day of June last. In Kingston penitentiary there are 42 under the age of 21 years; in St. Vincent de Paul, 92; in Dorchester penitentiary, 46; in Manitoba penitentiary, 33; in British Columbia penitentiary, 19; in Saskatchewan penitentiary, 22; in Collin's Bay penitentiary, 12. Of course the house is aware that by far the larger portion of youthful offenders in Canada are not in the federal institutions but are in provincial reformatories, prisons, gaols, homes and various other provincial institutions.

The superintendent reports that the Borstal system may be introduced into Canadian penitentiaries within the next sixty days. There will be no legislation necessary to achieve this end. The Penitentiary Act is already broad enough to provide for it. There is sufficient in the penitentiary vote to cover all the expenses of instituting that system in the Canadian penitentiaries. Some additional staff will be required as is set out in the report and it will be necessary to construct some additional buildings but in the opinion of the superintendent this system can be made applicable to the Canadian penitentiaries within sixty days and be based almost precisely upon the system now in effect in Great Britain. In Great Britain the prison population is under a single government, the prison commission. They do not have provincial institutions to deal with such as we have. There are many different prisons and the report gives a fairly good idea of what is accomplished in this respect in the leading Borstal institutions in Great Britain. The government is prepared to adopt the Borstal system in Canadian penitentiaries for the youthful prisoners. I ask leave of the house to have this report placed on Hansard for the use of hon. members. The report reads:

Memorandum to the Deputy Minister of Justice

Re: Interim report on the Borstal system of England.

Re: Convicts under twenty-one years of age in Canadian penitentiaries.

1. By direction, the undersigned proceeded to England for the purpose of making an

exhaustive study of the Borstal system, with a view to advising the government as to how best it could be tried out in Canada, arriving in England on Sunday, April 30, 1935, and embarking for Canada on Saturday, May 25, 1935.

2. The undersigned reported to the home office on Monday, May 1st, and here begs to express his deep appreciation of the courtesies extended to him by the Home Secretary, the chairman of the prison commission, the prison commissioners, and the governors and officers of Borstal institutions and prisons.

3. Commissioner A. Paterson, M.C., devoted some time to the undersigned, and apparently came to the conclusion that the undersigned had a sufficiently wide knowledge of the Borstal system that a program might be immediately arranged for visits to Borstal institutions, with a view to making an exhaustive study of the management and training of the young prisoners who are the inmates of Borstal institutions.

4. The program arranged carried the undersigned through all stages, from the institution of reception to the institution where the greatest amount of liberty is permitted to the Borstal inmate, and included the following institutions:

Wormwood Scrubs (Reception and classification centre);

Wandsworth (Institution for least hopeful cases: disciplinary institution);

Feltham (Institution for treatment of apparent defectives, mental and physical);

Portland (Institution for the training of amenable but more sophisticated "lads.");

Rochester (Institution for amenable, less sophisticated lads);

Lowdham Grange (Open prison system for training of hopeful cases transferred from other Borstal institutions).

5. "Borstal training is a combination of mental, moral, physical and industrial training of a strenuous kind. It is not a fixed system, but like other progressive systems, is in a state of flux." Vide The Modern English Prison, page 181.

6. The undersigned is of the opinion that similar training and treatment can be put into effect for convicts under twenty-one years of age in Canadian penitentiaries, and recommends same (see appendix "A").

7. It is further recommended:

(a) That for the putting into effect of the training and treatment hereinbefore mentioned, all convicts under twenty-one years of age should be segregated into one building, or segregateable part of an existing building, in each penitentiary.

(b) That the classification board of each penitentiary, with the augmentations hereinafter referred to, would proced to select the youthful convicts who would be amenable to, and would benefit by, the type of training hereinbefore referred to (see appendix "B").

8. It is also recommended that each penitentiary staff should be augmented by the appointment of one specially selected person for each thirty youthful convicts confined in each penitentiary, with a minimum of two such persons in any one penitentiary. Persons so appointed might be called supervisors and assistant supervisors of youthful convicts, and would have duties corresponding to housemasters and assistant housemasters in Borstal institutions, i.e., the supervision, management, treatment and training of youthful convicts outside of working hours. Such persons would be in addition to, and distinct from, custodial officers (see appendix "C").

9. It is respectfully submitted that accommodation is either available, or can be made available in a comparatively short time, in each penitentiary, for the segregation of youthful convicts, each penitentiary being considered an institution of reception and classification, similar to Wormwood Scrubs in England (see appendix "D").

10. When discharged from a Borstal institution, an inmate is on licence to the Borstal Association for the unexpired portion of his sentence, and a further year in addition. The prison commission of England states that "The Borstal Association represents one-half of the Borstal system." The Borstal Association is a private body, and is made up of interested persons who are acceptable to the Home Office, there being approximately one member of the association for each lad actually on licence.

11. If such an organization were brought into being in Canada, the membership would be limited to those persons who would agree to act as the adviser and confidant of a youthful convict during the portion of his sentence that he was under conditional release (see appendix "E").

12. It is respectfully submitted that the aforementioned treatment, training, classification and aid after release from an institution could be brought into effect without any amendment to presently existing legislation, or any augmentation of the penitentiary vote for the year 1935-36.

13. It is respectfully submitted that whereas the treatment of youthful convicts in England, as now carried out under the Borstal system, was definitely considered in 1894, and whereas the Borstal Act was not passed until 1908, and that whereas innumerable changes were made in the Borstal system between 1914 and 1919, and that still more drastic changes were made between 1921 and 1935, the inauguration of this type of treatment and training should not be unduly rushed in Canada, but should be developed step by step, only as rapidly as the staffs and youthful convicts can absorb well-thought-out changes. Insufficiently considered, or too rapidly brought about, changes, might work to the lasting detriment of the objects intended to be obtained.

14. It is respectfully submitted that, in view of the experimental work carried out in England and the information so generously made available to Canada, that good results may be obtained and a scheme be put into well running condition in the number of years equivalent to the number of decades that the matter has been under consideration, experimentation and operation in England.

Respectfully submitted.

D. M. Ormond,
Superintendent.

Appendix "A"

Outline of Proposed Training for Youthful Convicts in Penitentiaries

1. Broadly speaking, the great majority of youthful convicts find themselves in Penitentiaries due to a weakness of inhibition arising

from a lack of early training at home, which has not been fully assisted by the church, the school, and social organizations interested in the welfare of youths. The majority of these youths have been guilty of crimes of acquisitiveness:—theft, burglary, housebreaking, and embezzlement. Less than one-quarter of them have been guilty of crimes of passion, i.e., sexual offences, indecencies, assaults, and crimes of violence.

2. Largely on account of the reasons abovementioned, and the acquisitivness of their natures, these youths have displayed an utter disregard for the rights of property. It is therefore the duty of the penitentiary service to as far as possible correct existing conditions.

3. In a large number of cases, these youths have been guilty of offences, and have been released on suspended sentence; a repetition of the offence, or a new offence, has caused them to serve terms in industrial schools, reformatories or jails, and the courts have finally decided that a long term of confinement in a penitentiary is necessary. There are youths, however, whose first known offences are of so heinous a character that the public sense of decency demands that they be confined over a considerable period, the courts deeming it inadvisable to commit them for a short term of imprisonment, believing that a long period is required for an all-round programme of training.

4. It is the duty of the penitentiary to make an assay of the youth, in an effort to discover his possibilities and to develop them as far as the limitations of an institution will allow. It is platitudinous to state that reformation must begin with the youth himself. The institution can only provide him with the opportunities and assistance in bringing about a change of outlook and a better standard of morals and ethics.

5. The management of youthful convicts is an interesting and fascinating duty, but should only be attempted by optimistic persons who are not discouraged by failing to obtain the results aimed at. The training of youthful convicts is of necessity based on the belief that there is a very large amount of what is known as "good" in each youth, and that if the proper chords are touched, that favourable reactions will follow. The supervisors of youths require a genius for understanding and exceptional gifts of leadership.

6. The following excerpts are taken from "The Principles of the Borstal System," published by the prison commission. Home Office, 1932:

" . . . The task is not to break or knead him into shape, but to stimulate some power within to regulate conduct aright, to insinuate a preference for the good and the clean, to make him want to use his life well, so that he himself and not others will save him from waste. It becomes necessary to study the individual lad, to discover his trend and his possibility, and to infect him with some idea of life which will germinate and produce a character, controlling desire, and shaping conduct to some more glorious end than mere satisfaction or acquisition.

A Borstal institution is not an end in itself, but a laborious means to the reformation of offenders between the ages of sixteen and twenty one. The training necessary for a change at that age cannot be completely effected during the two or three years spent within the walls. The lad leaves his institution robust in figure and of confident mien, sometimes a shade too confident, but no one knows whether he is reformed, for no man may call himself a swimmer until his feet are off the ground."

7. The following excerpt is taken from "The Modern English Prison," page 185:

"The routing of the institution is that of an active day of 15 hours, beginning with physical training, continuing with eight hours work in workshop or outdoor party, and ending with 1½ or 2 hours of school or study. To place first things first, the work a lad does during his training falls into three stages. First with the cleaners, doing the necessary domestic work: then, while awaiting a vacancy in the trade party to which he has been allotted, he may have a spell of heavy outdoor work with a labouring party, which is good both for his character and his physique. Finally, he passes into a trade party. In the workshops good class work in carpentry and metal work is carried out with power machinery, and employment is also found at tailoring, shoemaking, cooking (especially training for sea cooks), gardening, farming (some institutions have farms of considerable size, all have some land and stock), various adjuncts of the building trades, and other minor trades. . ."

8. The foregoing is in effect in penitentiaries, with the exception of the study period at the end of the day abovementioned. The appointment of supervising officers will meet this requirement, for these officers would be principally employed in work with the youths from the closing of the shop in the afternoon up to 8.45 in the evening.

9. Equipment for study and gymnasia training can readily be arranged in the corridors of those places segregated for the confinement of youthful convicts.

10. A widely varied syllabus of education presently exists, which provides elementary education for the exceptionally backward and correspondence courses for the more advanced, and can readily be adapted to include branches of education not presently touched.

11. The separate training of youthful convicts should include at least one hour per day of physical training, in addition to volunteer evening classes in gymnastics, the intention being not only to improve physical fitness, but to teach the correlation of mind and body. The physical side might be developed to include certain recreational activities, either as a part of, or in addition to, the regular physical training.

Appendix "B"

Segregation and Classification

1. All youthful convicts in penitentiaries at the present time are in either of the following classifications:

(A) Convicts having no previous conviction, under twenty-one years of age;

(C) The large intermediate class, having had experience in reformatories, gaols or penitentiaries.

2. It is submitted that all youthful convicts should be segregated into one building, or a segregateable part of the building, in each penitentiary, for the purposes of observation and re-classification, so that selection may be made of those for whom it is considered treatment as youthful convicts would have beneficial results.

3. On June 17, 1935, there were 266 youthful convicts in Canadian penitentiaries, confined as follows:

Kingston penitentiary	42
St. Vincent de Paul penitentiary	92
Dorchester penitentiary	46
Manitoba penitentiary	33
British Columbia penitentiary	19
Saskatchewan penitentiary	22
Collin's Bay penitentiary	12

4. It is submitted that instructions should be sent to each warden, outlining the steps to be taken for the classification or re-classification of each youthful convict. The first classification would be carried out by the existing classification board, which would be augmented at the earliest possible time by the officers referred to in appendix "C," but no delay in the elementary classification need be caused by a delay in filling the new positions recommended.

5. Suitable questionnaires can be sent out to the parents or nearest relatives of the youth, to the church, school, and convicting magistrate or judge, and to any other person whom it is considered would be in a position to supply useful information. This is the normal method of commencing case-work for institutions and welfare bodies.

6. In those cases in which the classification board considered that special examinations would be required, in order to classify the youth, such special examinations could be carried out by physicians, surgeons, or psychiatrists, according to the requirements of the case.

7. After all available information has been procured concerning each youth, decision would be made as to whether or not he would continue with the "youthful convict" group, or be returned to "A" or "C" classification.

8. In anticipation of the developments presently under consideration, the Laval buildings at St. Vincent de Paul penitentiary, and Collin's Bay penitentiary, were commenced, and construction is being pressed forward.

9. The Laval buildings at St. Vincent de Paul penitentiary will provide employment for youthful convicts for some years to come. Within the next twelve months, the work at Collin's Bay penitentiary will be sufficiently far advanced to utilize it entirely for the segregation of youthful convicts from Ontario, and, if necessary, the maritime provinces.

10. As an indication of the lines which may be followed in making the classification, the following is quoted from "The Principles of the Borstal System," published by the prison commission, Home Office, 1932, chapter IV:

"It may be maintained that, as no two lads are the same, only a policy of separate confinement can provide a perfect system of classification. This reductio ad absurdum shall not, however, deter us from proceeding with as sensible a scheme as we can devise. The first purpose of classification is positive, and consists in putting a lad in such a milieu as is likely to draw out what is best in him. Ideally, therefore, each Borstal lad should be drafted to a group of honest and intelligent lads, to whose level he would wish to aspire. This by the nature of things, is impossible; there are too many rogues and not enough honest lads. For this reason the courts rightly hesitate before committing a first offender to a Borstal institution. But it is possible within rather narrow limits, in assigning a lad to an institution or a house or group, to put him in a place where there is someone or something that will stimulate the better side of him. The second purpose of classification, and it should always be kept in the second place, is the avoidance of contamination. One evil spirit can poison the tone of a whole house, and every Borstal officer is keen to watch the effect of one lad upon the others. A clique may form whose influence on each member is undoubtedly evil. Such a clique will be scatered among different houses or institutions. Transfer and reclassification are ready to our hand to prevent corruption, and should be employed without hesitation where the reasonable prospect of a risk has been established by those who have observed. The community must be protected even at the cost of disturbance to the individual.

The advantages attaching to the system of progresive grades which has grown up have already been outlined. The history, however, of every such system points to certain dangers against which we must guard. As time passes, each grade tends to be more easily attained, each privilege more easily won, till what was once a concession is acclaimed as a right, and the lad who is really remaining stationary is found to be proceeding automatically from the bottom to the top. Steps must repeatedly be taken to ensure the difficulty of ascent, so that the minimum of promotion may reward a maximum of effort. This can be done by emphasizing the responsibilities rather than the privileges associated with each grade, and by a merciless reduction when these responsibilities are not fulfilled. Each grade carries a lad a little further towards freedom. He is practising his wings, developing his power of choice between right and wrong. This is a more difficult life than that of confinement and repression. He must show that he justifies the trust and is indeed growing more fit for freedom. If he fails, he must return to the lower order where it is easy to be good, and wait a little while before taking a step forward again towards liberty. Further, we must scrutinize very closely the claim of the lad for promotion. Let it not come to him. Lay rather the onus on him to show that he has stretched himself to reach it.

Promotion there must be, leaders must be chosen. These are necessary and indeed valuable factors in the system. It is, however, necessary to guard lest a little authority may overbalance a lad, and he may be so convinced of his own importance as to lose proportion, and think that on discharge he will still be a leader, wearing badges of distinction known to all. This is a grave disservice to the lad, for never does he need humility so much as when he leaves the institution and re-enters a world whose only memory of him is adverse. Let, therefore, promotion bring responsibility and balance, steadying the lad and not inflating him, teaching him to be free and self-reliant, but not to be cocksure."

Appendix "C"

Augmentation of Penitentiary Staffs

1. In the English prison service, as in the Canadian penitentiary service, the staff consists of superior and subordinate officers. In

England the superior officers are appointed by the secretary of state; in Canada, these officers are appointed by the governor in council. In England the subordinate officers are appointed by the prison commissioners; in Canada they are appointed by the superintendent of penitentiaries, in consultation with the inspectors, after having received recommendations from the wardens of pentientiaries.

2. It is submitted that the introduction of separate training for youthful convicts would require the creation of new positions in the penitentiary service, the duties of which would be similar to those performed by housemasters and assistant housemasters in the Borstal institutions of the prison service of England.

3. It is submitted that, if authorized, the new positions might be called, "supervisor" and "assistant supervisor" until such time as a shorter or more appropriate descriptive name for each position is decided upon.

4. It is submitted that these positions should be graded as coming within the classification of superior officers, the appointment to the position of supervisor being made by the governor in council, and the appointment to the position of assistant supervisor to be made by the superintendent of penitentiaries, after consultation with persons outside of the penitentiary service. It is considered that the position of supervisor should be filled by promotion from assistant supervisor.

5. The duties of supervising officers, would be entirely in connection with the management, training and treatment of youthful convicts, particularly during the periods outside of hours set aside for labour, (see appendix "A").

6. A study of staff requirements indicates that there should be one supervising officer for each 30, or part of 30, youthful convicts, and that not less than two of these officers should be employed in each institution, even when there are less than thirty youthful convicts confined in the institution.

7. The persons selected to fill the supervisory positions require to be men of good character, good education, even temperament, optimistic nature, posessed of good common sense, untiring patience, athletic, and having a wide experience in dealing with men. The hours of duty would be long, broken, and making heavy demands on the physical and mental capacities of the supervisory officers.

8. The rate of pay for these positions may be left for the present, but it is considered that it should be approximately that of chief trade instructor for a supervisor, and that of chief keeper for an asistant supervisor.

9. In the initial stages, the subordinate officers, including trade instructors, doing duty with the youthful convicts, could be specially selected from existing staffs, and would be given a special course of training before being assigned to these duties.

10. The matter of the creation of the positions of matrons would come up for consideration after the separate training had been inaugurated and further experience had been gained.

11. If the positions of supervisors should be decided upon, it would be necessary to assemble the officers appointed at some central point for a period of intensive training.

Appendix "D"

Buildings and Accommodation

1. "The principles of the Borstal system," published by the prison commission, home office, 1932, commencing at the bottom of page 20, reads as follows:

[Mr. Guthrie.]

"The Borstal system has no merit apart from the Borstal staff. It is men and not buildings who will change the hearts and ways of misguided lads. Better an institution that consists of two log huts in swamp or desert, with a staff devoted to their task, than a model block of buildings, equipped without thought of economy, whose staff is solely concerned with thoughts of pay and promotion. The foundations of the Borstal system are first the recruitment of the right men, then their proper training, and finally their full cooperation with one another in an atmosphere of freedom and mutual understanding."

2. The prison commission of England strongly believes in the foregoing, and has adhered to the policy throughout the developments of the Borstal system in England.

3. It was not until the year 1930 that the experiment at Lowdham Grange was commenced, this being the first and only Borstal institution not surrounded by a high boundary wall.

4. Lowdham Grange houses only the selected lads, who are considered to be the most hopeful cases, for whom the full period of training will probably not prove necessary (vide "The Modern English Prison," page 180).

5. In Wormwood Scrubs, the Borstal lads are confined within the same boundary wall, but in a separate building from short term prisoners and prisoners held on remand.

6. The Borstal buildings form a part of Wandsworth prison. Feltham is an old reformatory building converted to use as a Borstal institution. Rochester and Portland were both convict prisons.

7. When making observations on the question of walls, bars on the windows, and other security measures, the undersigned was reminded that the great public schools of England are enclosed within high walls, with broken glass on the top, and that the windows are barred, these precautions being considered reasonable and necessary to assist in the management of the high-spirited and youthful students, and that there does not appear to be any reason why similar arrangements should not be made when controlling youths who have been proven to be delinquent.

Kingston Penitentiary

8. On this date there are 42 convicts in Kingston penitentiary under twenty-one years of age. These could very aceptably be accommodated in the old prison for women, presently utilized for the confinement of selected convicts who are receiving special treatment.

9. Presently before the department is a recommendation to segregate "C" corridor of Kingston penitentiary for the purpose of housing the most unsatisfactory type of convict in that institution. If that is put into effect, it would leave available the east cell block, which might be used for the treatment and segregation of specially selected convicts over twenty-one years of age, or, in the alternative, it might be utilized for the segregation and treatment of youthful convicts.

10. By putting up a brick wall, in the yard a subdivision could readily be arranged in which youthful convicts could carry out their exercises out of view of the other convicts.

11. These youthful convicts could be employed in separate shops, or parts of shops partitioned off from the adult convicts, arrangements being made to pass them to and from work at different hours from those of the older convicts.

St. Vincent de Paul penitentiary

12. In St. Vincent de Paul penitentiary there is existing a cell block containing 104 cells, in which the 92 youthful convicts in that institution could presently be segregated for classification and study purposes. Arrangements to proceed to and from work in shops or gangs could be made in a manner simliar to that recommended for Kingston penitentiary.

Dorchester penitentiary

13. There are 46 convicts under twenty-one years of age in Dorchester penitentiary. One corridor of the north wing could be readily segregated for the confinement of youthful convicts. It would only require the opening of a door from this corridor into the prison yard, and the erection of a short wall, to make a self-contained exercise-ground for the youthful convicts.

Manitoba penitentiary

14. There are presently 33 convicts under twenty-one years of age in Manitoba penitentiary. The south side of the east wing could be immediately put aside for the accommodation of youthful convicts. The rearrangement of the penitentiary yard to provide separate exercise-grounds for convicts is presently under consideration. One of the segregation areas could be specially retained for the exercise of youthful convicts.

British Columbia penitentiary

15. On this date there are 19 youthful convicts in British Columbia penitentiary. The north side of the east wing in this penitentiary could be set aside for the accommodation of youthful convicts, and one of the large lawns could be set aside for exercise-grounds. Arrangements could be made to have work carried out to meet the situation.

Saskatchewan penitentiary

16. There are on this date 22 convicts in Saskatchewan penitentiary under twenty-one years of age. The north side of the east wing of this penitentiary could be segregated for the confinement of youthful convicts, with a large exercise-ground immediately adjacent thereto, which would be out of sight and out of hearing of other convicts.

Collin's Bay penitentiary

17. This institution should eventually take all youthful convicts received in Ontario, but until such time as the construction of the cell blocks and the wall is further advanced, it is not considered that youthful convicts should be transferred to this institution. At the present moment there are only 12 convicts under the age of twenty-one years in Collin's Bay penitentiary. Any of these convicts having more than three months to serve might be transferred back to Kingston penitentiary until the dates of their release.

18. The undersigned fully realizes that certain person interesting themselves in the introduction of the Borstal system into Canadian penitentiaries will publicly express strong protests against such steps being taken or considered, and will advocate the immediate purchase of new lands and the immediate erection of new buildings by contract. Such protests and recommendations could be considered, but in any event, it would be twelve to eighteen months before land could be purchased and buildings erected, whereas the scheme of segregation outlined above can be put into effect within sixty days of the receipt of instructions to do so, and would in any event be necessary during the period of classification of youthful convicts and the selection of those whom it was considered would receive benefit from the type of treatment recommended.

Appendix "E"

Re: Conditional Release and Aid after Discharge.

Re: Borstal Association.

1. The Borstal Association is a semi-official body, acting under the presidency of the home secretary and an executive committee, with central office in London, and approximately one associate for each lad released from a Borstal institution, the associate acting as adviser, confidant, big brother, and friend to the lad during the continuance of the licence under which he is released.

2. The parents of a lad, or a friend, acceptable to the home secretary, may be, or act as, the associate for the lad, but in those cases in which the home surroundings are unsatisfactory, or the lad has no relatives, an associate is found for him.

3. When an associate is selected, he is called upon to interest himself in the lad, and to give him advise, and also "to act in two capacities, the reconciliation of which requires a good deal of tact—first as friend and adviser, then as "policeman": and even the first of these needs boundless sympathy and understanding, for firmness must be combined with persistent patience if the feet of a wayward youth, too apt to throw up an uncongenial job or resent the hard word of a foreman, are to be kept firmly along the narrow path of hard work and right living."

4. During the period which a lad is on licence, he is required to keep in close touch with the associate to whom he is attached, changing neither work nor residence without his consent. The lad looks to his associate for help in finding employment, and for a wise means of spending leisure, and in turn receives encouragement and a bracing word when good resolutions begin to wane.

5. The associate reports to the association at least once a month on the progress of the lad. Should there be definite signs of a relapse, an effort is made to direct the lad in the right path, but should this fail, the associate immediately reports to the prison commissioners, who cause the lad's licence to be revoked and he is taken to a special block at Wandsworth prison for further training and treatment.

6. At Wandsworth, the conditions are substantially those of prison life. The purpose is not to give further Borstal training, but to make it clear to the lad that he has been a fool and the way of the transgressor is hard, and also to allow the authorities to find out why the lad failed.

7. When the authorities "have made up their minds about a lad they fix the time he is to serve, and in due course he is licensed again. It is not often that a licence is revoked more than once—a lad who persists in going off the

rails after revocation is, unless he is young and not evidently hopeless, usually written off as a loss."

8. It is respectfully submitted that no new machinery will be required to bring into being in the penitentiary service arrangements that will be equally as effective as the work carried out by the Borstal association. The close liaison presently existing between the remission branch, the department of justice, and the penitentiary service, permits of a facility of close co-operation. The classification board of each Penitentiary, plus the supervisors, if appointed, will have a complete knowledge and appreciation of the life and conduct of a youth while in the penitentiary.

9. The remission branch has full particulars pertaining to the nature of the crime, and of the environment in which the youth lived prior to his conviction.

10. The penitentiary is presently equipped with a staff and facilities to seek out, investigate, and recommend persons who might be approved as adviser, big brother, or friend, to a discharged youth having no suitable home to return to upon release.

11. Existing legislation and clemency practice permit of the release of a convict on licence. The person undertaking to act as guide, philosopher and friend to a released youth would only be called upon to perform those functions during the period for which the licence is granted.

12. There would be no difficulty in arranging for close co-operation between the remission branch, and the selected persons referred to, either direct or through the warden of a penitentiary.

13. Nothing is here proposed which would in any way affect the authority of the crown, or alter existing clemency practice.

DATE OF GENERAL ELECTION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as this may be the last day upon which the present parliament will be in session I should like to ask the Prime Minister (Mr. Bennett) if it would not be possible before we prorogue for him to make a statement to the house or to the country as to the probable date of the general elections. I would not expect my right hon. friend to give the exact date but he might see his way clear to indicate whether the elections will be held in the month of August, in the month of September or in the month of October. I do not think the time will make any difference in the results one way or another but if an approximate time were announced considerable uncertainty would be removed which I think would be of benefit to the country generally.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, if I were in position to answer the right hon. gentleman's question, I would do so. I will say this: Just as soon as the necessary arrangements can be made for the holding of the elections, they will be held. That is as far as I can reasonably go. I mean by that, the completion of the lists and concerning all matters of that kind. They will not be delayed beyond such date as may be necessary to have the machinery properly functioning under the sections which have been enacted in that regard.

MORTGAGE CREDITS FOR FISHERMEN

CONCURRENCE IN SENATE AMENDMENT

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. 120, for the purpose of establishing in Canada a system of long-term mortgage credits for fishermen.

He said: There is one amendment made to this bill by the Senate and this is made because in some province the word "land" would not be broad enough to cover buildings erected on the land. It is proposed to add the words "and buildings thereon" at the end of clause (d) of section 6. This will remove any doubt as to this section covering buildings. It will be recalled that when the natural resources agreements were under consideration a similar difficulty arose as to whether water was covered by the word "land." I move that the amendment be read a second time and concurred in.

Motion agreed to; amendment read the second time and concurred in.

TRADE AND INDUSTRY COMMISSION

CONCURRENCE IN CERTAIN SENATE AMENDMENTS AND NON-CONCURRENCE IN OTHERS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 86, to establish a dominion trade and industry commission.

He said: Mr. Speaker, the Senate committee on banking and commerce gave considerable attention to this bill and the result is that several amendments of a far-reaching character have been made. I shall indicate them to the house as carefully as possible. The first amendment is to section 11, page 5 and line 12. Subsection 2 in the bill as it left this house reads:

> Any person violating any provision of this section shall be liable on summary conviction to a penalty not exceeding two hundred dollars.

The amendment is to insert the words "guilty of an offence under this act and" after the word "be" and before the word "liable."

The next amendment is to section 14, on the same page at line 29. After the word "public" insert the words "or where such agreements exist and in the opinion of the commission but for their existence wasteful or demoralizing competition would exist in any specific industry."

Mr. YOUNG: What is the significance of the amendment?

Mr. BENNETT: Having agreed to the principle of the acceptance of the agreements, they would be extended to cases in which the result of there being no agreement would be demoralizing and wasteful competition. I think that is one of the matters referred to in the report of the commission.

Mr. YOUNG: If I heard the amendment correctly it would seem to indicate that where an agreement exists they might be permitted to sanction it.

Mr. BENNETT: That is the principle which we adopted when we passed section 14. In order that there may be no misunderstanding, perhaps I had better read the first part of the section:

> In any case where the commission, after full investigation under the Combines Investigation Act, is unanimously of opinion that wasteful or demoralizing competition exists in any specific industry, and that agreements between the persons engaged in the industry to modify such competition by controlling and regulating prices or production would not result in injury to or undue restraint of trade or be detrimental to or against the interest of the public or where such agreements exists and in the opinion of the commission but for their existence wasteful or demoralizing competition would exist in any specific industry the commission may so advise the governor in council and recommend that certain agreements be approved.

That is repeating the words which appear in the earlier part of the section so as to carry the effect of the proposal into both matters which are mentioned in the section.

Mr. YOUNG: You not only give them the sanctioning of new combines but you permit them to sanction existing combines.

Mr. BENNETT: There is an investigation under the combines act and they must be satisfied that there is no undue restraint of trade or injury to the public interests or anything detrimental to the public interests. Investigations may be made with respect to existing agreements because the early part of the section provides against wasteful or demoralizing competition. This carries into the fabric of the latter part of the section, the wording of the first part.

Mr. YOUNG: In the eyes of some people all competition in itself is wasteful and demoralizing.

Mr. MACKENZIE KING: If what my right hon. friend says is correct, would it not be wise to insert the word "unanimous" before the word "opinion" in the amendment?

Mr. BENNETT: I think the right hon. gentleman is right as the early part of the section provides for unanimous opinion with respect to wasteful or demoralizing competition and I am not sure that that is not carried into the proposed amendment. I think the word "unanimous" ought to be inserted between the words "the" and "opinion." With respect to the second amendment on page 5 I move that we disagree with their honours and ask that the word "unanimous" be inserted between the words "the" and "opinion" in the second line of the proposed amendment.

The next amendment is on page 6, line 4. For the words "the relevant sections" there is substituted the words "under sections four hundred and ninety-eight and four hundred and ninety-eight A or any other relevant section.

I think that is satisfactory. Then in section 15 the words:

> The commission shall be charged with responsibility to recommend the prosecution of offences against acts of the parliament of Canada.

That is true; they do not themselves carry on prosecutions. In line 10 they have added the words "the attorney general of Canada" between the word "and" and the word "make," leaving out the words "undertake or carry on." They think that possibly it conflicts with the powers of the provinces. I think these amendments are satisfactory. In section 16 it is proposed to delete the words "or commodities," on the theory that the Interpretation Act covers the point without repeating it in the statute. The letter "s" is struck off the word "grades," making it "grade" in lines 29 and 30. The next amendment is one of importance, adding to subsection (1) of section 19 the words:

> Provided that the commission may by regulation prescribe a list of specific commodities to which, in its opinion, it is impossible to apply this paragraph, and this paragraph shall not apply to any commodity appearing in such list.

That refers to "Canada standard," and inasmuch as it has been pointed out that the words could not apply to every commodity because of difficulties in the actual carrying out of it, the commission, it is considered, should have power to prepare a list to which it does not apply. That, I think, is satisfactory. The next amendment is in section 20, which is far more difficult. There is substituted for section 20 the following:

20. The commission shall receive complaints respecting unfair trade practices and may investigate the same and, after investigation,

(a) If of opinion that the practice complained of constitutes an offence against any dominion law prohibiting unfair trade practices may order and require all persons who are parties or privies to such offence to cease and desist from further continuance of such practices and/or

(b) If of opinion as aforesaid may communicate the complaint, and such evidence, if any, in support thereof as is in the possession of the commission, to the attorney general of Canada with a recommendation that such parties or privies to such offence be prosecuted for violation of the applicable act. The attorney general of Canada, if he concurs in such recommendation, may refer it, with the complaint and evidence, if any, either to the director of public prosecutions or to the attorney general of the province within which the offence is alleged to have been committed, for such action as may seem to be appropriate in the circumstances.

In my opinion there is grave difficulty about that, for this reason. When we were framing the section it seemed clear to us that if the unfair trade practice was a violation of the statute then of course the provisions with respect to prosecution would apply, and that as regards any other unfair trade practice that was not covered by legislation it would not be within the competence of this parliament to direct that those engaged in it should cease or desist. The Senate is of the opinion that inasmuch as it has made the limitation to refer to a statute only, this amendment would be valid, and on that understanding of it I quite agree. But it does not touch what is called an unethical trade practice; it only refers to trade practices covered by existing statutes or which may hereafter be covered by statute.

Mr. MACKENZIE KING: My right hon. friend will appreciate the fact that I have not had an opportunity to more than glance at the proceedings—

Mr. BENNETT: I have not either.

Mr. MACKENZIE KING: —and therefore I cannot speak on the effect of some of these amendments. But a casual glance at the amendments would cause it to appear that under the changes made by the Senate it will now be possible to violate any act named in section 2 without incurring a greater penalty than an unenforceable order of the commission not to do it again. I do not know whether my right hon. friend sees that possible effect.

[Mr. Bennett.]

Mr. BENNETT: I wish to make it clear that in my opinion this is bad:

If of opinion that the practice complained of constitutes an offence against any dominion law prohibiting unfair trade practices may order and require all persons who are parties or privies to such offence to cease and desist from further continuance ...

That is the very negation of the principle of enforcement of law as I see it. If there is a statute and the commission is aware that it is being violated, the duty of the commission is to point out to the director of public prosecutions and the attorney general of Canada that action should be taken, and not to tell someone, "Stop doing it and be a good boy." It is their duty to punish the offenders for what they have done, and that is the view I still hold.

Mr. LAPOINTE: The "don't do it again" provision.

Mr. BENNETT: It seems to me to be at variance with the whole theory of jurisprudence. If men have violated the law the mere fact that someone says to them, "Don't do it again," cannot possibly free them from proceedings being taken by any person who desires to make a complaint before any magistrate. I am bound to say I cannot agree with that amendment.

Mr. MACKENZIE KING: My hon. friend from Vancouver Centre (Mr. Mackenzie) suggests that the Senate should, at this stage, be asked to cease and desist.

Mr. BENNETT: I know of many hon. gentlemen opposite to-day who would not be unwilling that it should cease and desist until they find a place there.

Mr. LAPOINTE: There is something in that.

Mr. BENNETT: I do not think, however, that we should place upon the statute books of Canada the idea that you can merely say to someone who has violated a statute, "Don't be a naughty boy." If there is a violation proceedings must be taken. We shall have to indicate that we cannot agree to that amendment. The next amendment, on page 8, line 29, provides that the public prosecutor shall be an official of the Department of Justice, and we will disagree with that. That is not the theory on which he is appointed. He is an official of the commission, and though

directed by the Minister of Justice he is not an official of that department. With that one we disagree. The next one is in line 43, where the words "undertake or carry on" are struck out. There is no difficulty about that. On page 9, for the words "is likely" there are substituted the words "appears to be about;" that is to say, instead of saying that it is likely to be committed the words are, "appears to be about to be committed." I am not sure that that is better, but I will not quarrel with it; we will agree to that. In section 23, after the word "may" in the first line the words "from time to time" are inserted.

> The commission may from time to time at the instance of the governor in council or at the request of representative persons engaged in any industry ...

The added words are unnecessary, but out of abundant precaution the addition will not make any difference. In section 25 the words "have authority" in the first line are struck out and the word "to" before the word "study" is therefore also properly struck out.

Now we come to a much more difficult one. They have struck out the provisions of section 26 with respect to investigation of securities issued, and I do not think we should agree with that amendment. This does not place upon the commission any duty except when requested by the Secretary of State to do so. It seems to me that may be a very useful provision having regard to some of the difficulties pointed out the other day by the hon. member for Hants-Kings (Mr. Ilsley) and the hon. member for Swift Current (Mr. Bothwell). I should like that section to remain. Section 27 has been altered to 26. The numbering is only a matter for the law clerks; that need not give us concern. Section 29 which will become section 28 has been changed to read:

> In any case where the governor in council has approved an agreement under this section, no prosecution of a party to such agreement shall be instituted under the Combines Investigation Act or under sections 498A or any other relevant section of the criminal code for an offence arising in the performance of such agreement, except with the consent of the commission.

That is, if the proceedings are being taken under the criminal code, they will be taken with the consent of the commission. I do not like that provision.

Mr. MACKENZIE KING: I was going to say that it would prevent the attorney general of a province from proceeding under the criminal code. I do not think the clause should be retained.

Mr. BENNETT: I do not either. I would move second reading and concurrence in amendments made by the Senate; No. 1 in section 11; No. 2 in section 14; No. 3 in subsection 4 of section 14; No. 5 in section 15; No. 6 in section 15; No. 7 in section 15; No. 8 in section 16; No. 9 in section 16; No. 10 in section 16; No. 11 in section 19, subsection 1; No. 12 in section 22; No. 13 in section 23; No. 14 in section 25 and No. 15 in section 25.

Mr. LAPOINTE: With regard to section 22, I believe it is, concerning the public prosecutor, my hon. friend does not agree with the amendment of the Senate that this officer shall be an official of the Department of Justice; it says that he will be under the commission but will be subject to the supervision of the Minister of Justice. I am not sure that the amendment of the Senate is not a good one. We are now proceeding in a way which is rather an anomaly. Under the statute as it is, the Department of Justice is responsible for all the legal work of the government or of any department, but in recent years, in our time as well as now, ministers in other departments seem to have developed the autonomy complex that they should have under themselves in their own departments their own legal officers, for whom, I repeat, under the statute as it is, the Minister of Justice is responsible, but he does not know what they do. They are doing their work in the various departments; they never refer to the officers of the Department of Justice, but the minister is responsible for anything they do, whether it is right or wrong. Let us amend the statute if parliament considers it is a good thing that each department should be responsible for its own legal work, and not have anything to do with the Minister of Justice. But I do not think it is fair to my hon. friend or to whoever is the incumbent of the office of Minister of Justice to be responsible for the work of gentlemen with whom he has nothing to do, who are not appointed by him and who are doing their work without referring to him. This provision that it will be under the supervision of the Minister of Justice will not, I think, correct what is at issue. Under the statute the minister is responsible. Why not accept the amendment of the Senate that this gentleman will be an officer of the Department of Justice, so that not only the minister but even the deputy minister could have some control over him? What is the objection to that?

Mr. GUTHRIE: I would fully agree with my hon. friend in his general statement that all the legal work of the various departments should be exclusively under the Department of Justice, but I would make an exception in the present instance. We are setting up a special board for a special purpose as a result of the price spreads inquiry, and we are appointing a prosecutor as a special agent or officer of that board to see that the law is carried out; otherwise I would agree entirely with the principles set forth by my hon. friend.

Mr. LAPOINTE: My hon. friend will be responsible for the work of that man.

Mr. GUTHRIE: I see the anomaly, but the idea is to convince the public, the business people of the country, that this measure is to be enforced, and we are putting a special prosecutor under the control of the trade and industry commission for that purpose.

Mr. BENNETT: I want to make it clear, in case there is any letter we have overlooked —there may be a change of a letter plural or singular—that the motion is for the second reading and concurrence in all the amendments made by the Senate except the following: the amendment to section 14; this house accepts the amendment if there is added after the word "the" and before the word "opinion" in the second line thereof the word "unanimous," so that it would read "in the unanimous opinion." That is No. 1. That is for the reason that inasmuch as the former part of the section provides for unanimity of opinion, it is desirable that the same should characterize the action taken under the proposed amendment. The next one is the amendment to section 20. The house does not agree in the amendments made by their honours for the following reason, that it is regarded as a bad precedent to state in a statute that anybody can direct those who violate the statute to cease or desist, for if there is a breach to the knowledge of the commission, it should be its duty to take appropriate proceedings for the enforcement of the law in that regard. Does that cover what we wish to say?

Mr. MACKENZIE KING: Have a greater penalty than simply being told to cease and desist.

Mr. BENNETT: It does provide for greater proceedings after, but I think the principle is wrong.

The amendment at the end of line 29 in section 21 is not agreed to for the reason that under the special circumstances in this case it is desirable that the director of prosecutions should not be an official of the Department of Justice, although in carrying out his work he is under the superintendence of the minister.

This house does not agree to the deletion of section 26, which it regards as an important section, if in the opinion of the Secretary of State it is desirable to make investigation for the purpose of ascertaining whether or not the capital structure of any company is not in accordance with the principles of the Companies Act.

This house does not agree to the amendment to new section 28 for the reason that it is not desirable that the right of the provincial authorities to institute criminal proceedings should be dependent upon the leave of the commission.

Mr. SPEAKER: Mr. Bennett moves, seconded by Mr. Guthrie:

That a message be sent to the Senate acquainting their honours that this house concurs in the amendments specified by the Prime Minister for the reasons set forth by him, and that the clerk of the house do convey the message to their honours.

Mr. POULIOT: Speaking to the motion I want to make my last remarks for this session. In regard to this proposed legislation, the ex-Minister of Trade and Commerce stands half-way between the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the Prime Minister, and the Prime Minister himself is halfway between the ruthlessness of the iron heel and Messrs. Litvinoff, Strachey and the like. The reason I am against this absurd legislation is because it is a consommé made with the skeleton bone of broken promises. That is all, sir.

Motion agreed to.

RADIO BROADCASTING

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 99, to amend the Radio Broadcasting Act, 1932.

He said: It merely gives effect to the intention of the commons to continue those sections that were enacted in 1932 until March 31 next year.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I want to say to my right hon. friend that it is customary to give the leader of the opposition a copy of the amendments. I know it has been just an oversight that I have not been furnished

with copies, but I would like to have a complete set in order to be able to follow the discussion.

Mr. BENNETT: I am bound to say that I only saw them a few minutes ago myself, because the law clerk only concluded his work upon them since half past ten. I shall ask that they be sent to the right hon. gentleman.

Mr. MACKENZIE KING: Yes, I realize that it is not anyone's fault, but I should like to have them as well on file.

Motion agreed to; amendments read the second time and concurred in.

CRIMINAL CODE AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 73, to amend the criminal code.

He said: There are several amendments. It will be remembered that in the bill as introduced and passed by this house there was a provision to amend what is known as the horse-racing clause. The Senate have now introduced a further amendment which was not in the bill passed by this house, to provide for trotting race meetings up to fourteen days in any one year. That places trotting races in the same position as running races. Hitherto trotting races at which betting by pari-mutual was allowed were limited to three days. By this amendment they may carry on for fourteen days in any one year or two meets of seven days each.

Mr. MACKENZIE (Vancouver): Is that in addition to the ordinary racing?

Mr. GUTHRIE: No, the present law is that a racing association which has only running races may carry on for two meetings of seven days each or one of fourteen days. Hitherto trotting races have been limited to three days per year. The effect of this amendment is to put the trotting races on the same plane as the running races.

Mr. MACKENZIE (Vancouver): Then they could have two weeks of running races immediately followed by two weeks of trotting?

Mr. GUTHRIE: Well, they are different associations. They do not have both at the same meetings. The jockey clubs run the running races and the trotting associations run theirs.

Mr. McINTOSH: It would mean then twenty-eight days of racing and trotting during the year?

Mr. GUTHRIE: No, that does not follow. The trotting association meets I think are in midsummer, on different tracks, under different auspices, they are different organizations. I am not very familiar with them but that is my idea.

Mr. HEAPS: Would the minister kindly explain the legal distinction between trotting and running?

Mr. GUTHRIE: The act I think sets that out pretty clearly. If my hon. friend will read section 235 of the criminal code he will see. This amendment provides for the race meetings at which there are trotting or pacing races exclusively. They cannot be mixed, there cannot be running and trotting. I think trotting and pacing are well-defined terms that sportsmen understand, and all people who have to do with horses. If this amendment is carried these trotting associations will be entitled to fourteen days racing per annum, just as the running races are now.

Mr. LAPOINTE: Does my hon. friend accept this amendment?

Mr. GUTHRIE: I have no view on the subject. It is a new suggestion to me.

Mr. LAPOINTE: You are not concerned whether it is trotting or pacing?

Mr. GUTHRIE: No, I am not. There are some racing experts in the house but I am not one of them.

Passing that for the moment, the next amendment was suggested after the bill had passed this house, I think in the first instance by the county crown attorney in the city of Ottawa and also some other county crown attorneys in different cities of Canada. It is to check as far as possible these gambling devices found in stores and places where the public resort, in regard to which the law is a little uncertain at the present time. The Senate has put in a clause that any person who:

> conducts, manages or is a party to any scheme, contrivance or operation of any kind by which any person, upon payment of any sum of money, or by obligating himself to pay any sum of money, shall become entitled under such scheme, contrivance or operation to receive from the person conducting or managing such scheme, contrivance or operation, or any other person, a larger sum of money than the amount paid or to be paid, by reason of the fact that other persons have paid or obligated themselves to pay any sum of money under such scheme, contrivance or operation;

Commits an offence. That amendment was not submitted to the house, it came before the Senate at the request of certain law officers of the provincial governments. I have no objection to it.

Mr. LAPOINTE: That applies only to those who are making money out of the operation of these machines?

Mr. GUTHRIE: Yes, making money out of these slot machines or gambling devices.

Mr. LAPOINTE: It does not apply to those who put their money in them?

Mr. GUTHRIE: No, only to anyone who conducts or manages such a machine. The next amendment is to the minimum wage section which passed this house. When that section was under consideration certain objection was taken to clause (b), which provides:

Everyone is guilty of an indictable offence ... who, knowingly:—
(b) permits an employee to work beyond the maximum hours fixed by law or any competent public authority.

I remember that my hon. friend from Weyburn took strong exception to that clause, and the Senate have seen fit to strike it out. Then at the end of the section we had this general clause:

(h) does any other similar act contrary to law or the rules or regulations of any competent public authority.

The Senate have struck out that clause as well. Then at the request of my hon. friend from Vancouver-Burrard (Mr. Hanbury) a special clause was inserted in regard to the marking of sawlogs and the placing of initials upon them. The Senate have rewritten the whole clause. We merely amended the clause as it stood then, but the Senate have repealed the present clause and enacted a new clause which probably makes the matter plainer, and it has included the suggestion which passed this house in regard to the initials.

Mr. MACKENZIE (Vancouver): That suggestion is contained in that amendment?

Mr. GUTHRIE: Yes. Then at the end of the bill there is a clause stating at what time the act shall come into force. This is a usual clause in regard to criminal legislation:

This act with the exception of sections one, two A, and five thereof shall come into force on the first day of December, 1935, section five thereof shall come into force on the first day of January, 1936, and sections one and two A shall come into force on the passing of this act.

Section 5 is in regard to the issuing of advertisements, sale catalogues and the like. I think we can concur in all the amendments,

[Mr. Guthrie.]

but I have an open mind and I want the house to come to a conclusion in regard to the racing section.

Mr. LAPOINTE: I am willing to accept my hon. friend as my guide in that.

Mr. GUTHRIE: Personally I have no objection to it; the Senate have seen fit to put it in, and I move concurrence.

Motion agreed to; amendments read the second time and concurred in.

THE GOVERNOR GENERAL

MESSAGE FROM SENATE JOINING IN ADDRESS TO HIS EXCELLENCY

Mr. SPEAKER: I have the honour to advise the house that I have received a message informing this house that the Senate do unite in an address to His Excellency the Governor General on the occasion of the approaching termination of His Excellency's official connection with this country and have inserted in a space therein the words "Senate and."

DOMINION ELECTIONS ACT, 1934

The house resumed from Thursday, July 4, consideration in committee of Bill No. 105, to amend the Dominion Elections Act, 1934—Mr. Guthrie—Mr. Smith (Cumberland) in the chair.

On section 3—Form 20 amended.

Mr. GUTHRIE: When the committee rose yesterday we were discussing the affidavit which is part of section 3. I have gone over the matter very carefully since that time; I have considered it from a good many angles, and I think I can make some suggestions modifying the form of affidavit that perhaps will meet with the approval of the committee.

I think we will all agree that the fundamental questions in regard to the exercise of the franchise are first that the person exercising it should be a British subject and second that he should be twenty-one years of age. I do not suppose there is any difference of opinion in that regard. These lists have been prepared, in the cities, to a very large extent by enumeration; inquiries have not been made in regard to the citizenship, in many instances, and I am afraid there also has been some laxity in regard to the ages of the persons who have been put on the lists by the enumerators. The first clause of this affidavit merely reads:

(1) That I am a British subject of the full age of twenty-one years;

I do not think anyone could have any objection to that clause remaining. The second clause, in regard to the residence in Canada, I think may well be stricken out, and I think the third clause might be struck out as well.

Mr. MACKENZIE (Vancouver): This is still an affidavit?

Mr. GUTHRIE: It is the affidavit in the bill that I am discussing. I would not hesitate to strike out the fourth clause also. I also assume, however, that it is the earnest wish of everyone in the house that we should have a fair, clean election and abolish as far as possible personation which has become very prevalent in certain parts of Canada. For the purpose of doing so I submit that we should have some means of identifying the man who attempts personation or who actually personates someone else on election day. I am inclined to think we should all agree to the last clause. This will make an oath of two clauses, as follows:

(1) That I am a British subject of the full age of twenty-one years;
(2) That the signature which I have made to this deposition is in my usual handwriting, and is my true name.

"Signature" includes a mark, and anyone who cannot sign his name makes his mark, whether on a cheque, a contract or an affidavit. The only other suggestion is a technical one. At the bottom of the affidavit appear the words "justice of the peace." I would put there, "deputy returning officer or justice of the peace." If these two clauses are accepted I would withdraw paragraphs 2, 3 and 4, and just leave the one "I am a British subject of the full age of twenty-one years," and the other "I have signed this document and that is my handwriting." It was suggested yesterday that the effect might be to choke the poll if these affidavits were taken. I have ascertained that the number of parties sworn runs from only ten to twenty in any polling booth. The chief electoral officer seemed to think it would involve a great deal of printing as there are 35,000 polls and he would have to get out from ten to twenty affidavits for each poll. Well, that can be done. The oath is not a long one; it is a very short one, and it can be printed very readily, and if twenty or even fifty have to be supplied to each poll it would not clog up the poll because there cannot be more than three hundred names on the polling list for any division. I suggest that this is a simple way of remedying what has become a disgrace in some parts of Canada. In Ontario we call it plugging and personation, in Quebec they call it telegraphing. I know that it is the desire of all parties in this house to stop that if we can do so, and this requirement that a person may be sworn and leave his signature for identification purposes will I think go a long way in stopping this thing happening.

Mr. GARDINER: I am rather surprised and regret very much the attitude the minister has taken in regard to this oath. He states he is willing to accept clauses 1 and 5, and delete clauses 2, 3 and 4. Clause 1 simply states "I am a British subject of the full age of twenty-one years." That in my judgment is very important to have in the oath. The last clause, No. 5, which the minister wishes to have included in the oath, states "That the signature which I have made to this deposition is in my usual handwriting and is my true name." That is very important too and should remain in the oath. But now let us look at clause 2 for a moment. It reads:

That I have been ordinarily resident in Canada for at least twelve months immediately preceding the commencement of the annual revision of the lists of electors on the fifteenth day of May last.

Why should not that remain in?

Mr. GUTHRIE: The reason is that that is a part of the franchise act, and this is the elections act that we are dealing with. These clauses that I have agreed to strike out deal with matters that have all been considered before the name was put on the voters' list.

Mr. GARDINER: If the situation is covered in that way I have not the same objection.

Mr. GUTHRIE: It is.

Mr. LAPOINTE: I am sorry I cannot agree with this requirement which forces any elector who is challenged at the poll by a representative of a candidate to sign an affidavit in the way prescribed by this section. Where is that done anywhere else? As I said last night, instead of putting obstacles in the way of electors coming to the poll and registering their votes, we should facilitate their voting. In some countries they have a system of compulsory voting. It is a disgrace that citizens do not take the trouble to go to the polls and register their votes, and we should do what we can to facilitate their voting, rather than put obstacles in their way.

The Minister of Justice says that twenty such forms on the average will be required for each poll. But what is there to prevent a representative who wants to make trouble, and unfortunately there are some even in our country, from insisting on challenging the

vote of all the electors, especially in certain polls? In a labour division, as in my own constituency, where it is well known that practically all the voters would vote for me —I do not say that in any boasting way but simply because they belong to the Liberal party—what is there to prevent a man who has nothing to lose from going to the poll and, simply for the purpose of making trouble, forcing everybody to take the oath and to sign the affidavit, the women as well as the men, thereby clogging the polls and obstructing the work of the returning officers? There are certain hours during the polling day when more people come to register their votes than at some other period of the day, and there may be some voters who will be unable under the circumstances to register their votes.

There is also this fact, that there are some people—I know it is so in certain constituencies—who do not like to be forced to take an affidavit. They have some sort of scruple of conscience about it. They do not like to give their signature in order to be allowed to vote. My hon. friend from Quebec West the Solicitor General (Mr. Dupré) knows that in his own constituency there are workmen and women too who will not like this, and it may make trouble there, a great deal more than in my own constituency.

Why force this thing? It is not done anywhere else. I do not see why the honest people, those who have the right to vote, should be inconvenienced in this way because there are some culprits who would come and personate voters. As I said last night, these culprits will not be prevented from carrying out their intention. They can easily say they do not know how to sign and they will mark a cross. As I said before it will inconvenience the honest voters, and for these two reasons I am strongly opposed to it. I know that this will not be a pleasant thing for a large number of bona fide voters, and I would like to know who is insisting on having this thing.

Mr. GUTHRIE: I think, Mr. Chairman, that the difficulties which my hon. friend sees in the adoption of this system are largely imaginary. Very few people are sworn at a poll.

Mr. LAPOINTE: But many might be.

Mr. GUTHRIE: Very few are sworn. My hon. friend says that if anyone desires to do so he might plug the poll by insisting on swearing everybody that comes along, but even if he did, the voters would all be able to register their votes between eight in the morning and six at night because no more than three hundred can vote at any poll. Experience shows that from ten to twenty sworn is the average. That is from Mr. Castonguay, who says that he would have to supply from ten to twenty forms. Well, I said, supply enough if it passes. I do not think anybody is going to be very much hurt if they are asked to sign their name to an oath. At the present time they can be sworn and they take a verbal oath, and the returning officer enters their name. It is a very slight thing to ask the person making an affidavit, "Please sign this." That is all you have to do. I think everybody will agree that this is going to stop a lot of this personation.

Mr. POWER: Not one.

Mr. GUTHRIE: I think everybody will agree that the house should stop it, and that we should do everything in our power to stop it. We should not strain at imaginary difficulties in order to accomplish some great purpose which I believe we shall accomplish if we pass this clause with this affidavit.

Mr. CHEVRIER: Mr. Chairman, with the principle, the stoppage of personation, I am fully in accord, but I think this is a most unpopular way to go about it. The Minister of Justice says he will need from twenty to twenty-five forms in each polling booth. If personation goes on only to the extent of some fifteen or twenty it is hardly worth while going to this trouble. Impersonation does exist and the minister says that he believes it could be prevented and that it would not take much time. I know that there will be learned people, men of experience who will feel hurt to a certain extent if challenged in that way. In certain constituencies there are aged people and illiterate people and if they are challenged it will take a certain length of time to explain to them that they have to make this affidavit. If it was the ordinary oath I would be in accord with it but this idea of explaining to an aged woman, to an old man or to an illiterate person will cause a delay in some cases of fifteen, twenty or twenty-five minutes.

Mr. GUTHRIE: Oh no.

Mr. CHEVRIER: My hon. friend is a lawyer and he knows that when an illiterate person comes into a lawyer's office to sign an affidavit a full explanation must be made. When we were discussing the affidavits that was one reason why this declaration was left out of the act. The enumerators going from house to house would have had to sit down and explain the thing fully to illiterate persons. Everyone realizes how long that would

take. Then it is possible that some people will be driven away from voting. Personally I think there is another way in which this matter could be handled but it is not my business to make up this law.

Mr. BENNETT: Mr. Chairman, I hesitate to take up the time of the committee but I have a very strong opinion as to the desirability of having some approach to what I call honesty in the conduct of elections.

Mr. LAPOINTE: We all have; my right hon. friend should not say that.

Mr. BENNETT: There is only one way to have it and that is to provide adequate safeguards to prevent dishonesty. I remember one statement which was made to me in connection with an election in eastern Canada. It was stated that an impersonator came here from an American city and voted forty-two times. There is only one way to stop that kind of thing, have them sign a paper. No impersonator will take the risk as perjury is an extraditable offence.

Mr. LAPOINTE: He would be perjuring himself just the same without this.

Mr. BENNETT: The former Minister of Justice (Mr. Lapointe) knows perfectly well that it is a different thing when a returning officer says something rather quickly and the voter replies, "so help me God." I was impressed by what the hon. member for Toronto Northwest (Mr. MacNicol) said last night that the provisions which have to do with the franchise should be excluded. They have been excluded and the man now swears that he is a British subject, is over twenty-one years of age and is the person named on the list.

A few years ago there was an election in a city in this country—I speak from memory and subject to correction—where thirty prominent persons found that they could not vote when they went to the polls because they had been voted before eleven o'clock by persons who were not residents of this country. There was another case in which evidence was unearthed that wigs and costumes had been used in order to change the appearance of these men. With the happy reputation which Canadian law has these people will not take the risk of signing their names and being charged with perjury to be proved by the production of a document. Perjury without the production of documents is always a difficult thing to prove but when you have a man sign a note that he is the person named you will stop this sort of thing very quickly.

That is the only purpose I have in mind and perhaps I must accept responsibility for the form of this section. I did not draft it but I said I thought it was highly desirable that it should be in that form. I say this from my own experience and in the light of information which has been given to me. I believe this information was correct as it was given to me by a gentleman whom I have every reason to believe knew whereof he was speaking. In a moment of frankness he told me that he had participated in the things to which I referred.

As to the polls being crowded, I do not think that will occur. I recall a case during a provincial election where because of the complexity of the vote it was thought desirable to challenge everyone who came in. Although it was thought that this would crowd the polls, it was found that everyone had an opportunity to vote. These polls will open at eight o'clock in the morning and close at six o'clock in the evening and everyone knows that it is the honest people who will be challenged.

Mr. LAPOINTE: They may be.

Mr. BENNETT: That is always a contingency to expect; I may be challenged or my hon. friend may be. However, this law is aimed at the crook.

Mr. LAPOINTE: It will hit the honest man.

Mr. BENNETT: It will not. How will it touch the honest man unless he is challenged?

Mr. LAPOINTE: He will be.

Mr. BENNETT: There is no chance of that happening to any considerable extent because public opinion would not support a scrutineer who took such action. We are trying to prevent fraud and dishonesty and to permit the exercise of the franchise by those persons who legitimately have the right to exercise it. I do suggest that the committee should adopt this section because not to do so would look as though we were not anxious to prevent what has became a real evil in Canada, impersonation. Speaking from my experience as a lawyer which while it has not been great, at least has been varied, I say that the crook will be through the minute he is asked to sign a document.

Mr. CARDIN: He will not sign his own name, he will sign the name of the person on the list.

Mr. BENNETT: That signature will not be in his handwriting and he thereby steps right into the hands of the prosecution.

Mr. CARDIN: You would not be able to get him afterwards; you would not have his photograph.

Mr. BENNETT: We certainly could not go to the expense of photographing everyone. As a matter of fact, it was suggested that finger prints should be taken. Recently I observed that the Canadian National Railways provide a small photograph of the person to whom they issue a pass on the pass. They have found that passes were being used by people other than those to whom they were issued. We are trying to do that very thing. We all should be anxious, and I believe we are anxious, to prevent fraud by the electors. I do not think there will be any difficulty in the crowding of the polls as we have limited the number to three hundred. Assuming that half are challenged there would be no crowding, or even if two hundred were challenged everyone would have an opportunity to vote. When a doubtful man enters the poll the scrutineer simply says, "challenged," and there are only two clauses to the oath to be administered by the returning officer who obtains a signature and places it in the roll book where it will be for all time.

Mr. LAPOINTE: I think my hon. friend will admit that I have had a certain amount of experience having taken part in twelve elections. There will be a crowding of the polls if everyone is challenged as may well happen. It is all right to say that honest people will not be challenged but everyone knows that there are some who will be anxious to prevent their opponents voting.

Mr. MOTHERWELL: I should like to ask the Minister of Justice (Mr. Guthrie) if the artistic draftsman who had to do with the War Time Elections act of many years ago and the Dominion Franchise Act of last year had anything to do with making or suggesting this change?

Mr. GUTHRIE: No.

An hon. MEMBER: Have you not forgotten that?

Mr. MOTHERWELL: I am still suspicious of anything done by this government in connection with the elections or franchise acts. I have had considerable experience with elections and I know how polls can be blocked by zealous and offensive scrutineers and returning officers. Sometimes these men are very offensive and they terrorize the innocent voter by asking something which cannot be explained on such short notice. It is just one more attempt by this government to grab at some floating straws to save them from destruction; that is all. Why not make a clean breast of the whole thing and come across clean as was done with regard to the alternative vote? That was a deliberate attempt to get a party advantage in one single province. No one less diabolical than O'Connor could have drafted or thought up that. I object to all these attempts to grab off party advantage at the last moment. My hon. friends might as well have taken the consequences from an indignant electorate standing up, instead of resorting to these dubious devices to save themselves—and then not likely to succeed.

Mr. ST-PERE: In the course of his remarks the Minister of Justice said that the electors had ample time to vote on polling day. If he represents a city he must admit that the large vote, the labour vote, the vote of the common people, is usually given between four and seven o'clock at night. It comes in bulk, so to speak.

Mr. BENNETT: There is a special provision for noon.

Mr. ST-PERE: Placed in the hands of any strong partisan, the amendment may be used against any candidate. As far as the signing of this form is concerned, may I ask the Prime Minister this question. Could the crook who signed an affidavit of this kind be located immediately? Where could you find him? He could not be identified at all. I strongly object to this provision, not because I am a partisan—and the Secretary of State knows that I like to run fair elections—

Mr. CAHAN: Hear, hear.

Mr. ST-PERE: I have that reputation in Montreal in my riding. But for the love of Mike don't enact laws that will strike off the list half the electors in a poll. I have seen that before in provincial elections. If this amendment is put into force we shall see a duplication in Montreal of what I have seen in the past— deputy returning officers, representatives of candidates, purposely eliminating electors waiting at the door, preventing them from voting. I strongly oppose this amendment.

Mr. DUPRE: The hon. member for Quebec East (Mr. Lapointe) said that in a constituency like mine, for instance, the people would be opposed to such a procedure. I do not share his view. This is an honest effort to stop impersonation and I cannot understand the position of our friends of the Liberal party. In the rural constituencies impersonation is very difficult; in fact, it is practically unknown. The provision would

therefore affect only city constituencies like that of my hon. friend from Quebec East or mine. I do not see anything at all in the objections of my hon. friend from Quebec East and my hon. friend from Hochelaga. I do not agree with that hon. gentleman that the vote is polled to the greatest extent between four and seven o'clock. It is also polled early in the morning and, for the working man especially, between noon and two o'clock in the afternoon. As regards the argument about crowding the polls, our opponents seem to forget that under the old law the same thing could be done. Any elector could be asked to give an affidavit—

Some hon. MEMBERS: Oh no.

Mr. DUPRE:—a sworn statement, which was much longer than the one now being proposed and which consists of only two paragraphs. I do not see any objection, therefore. On the contrary, I think it will be welcomed in my constituency at any rate. The honest voter will never object to such a procedure.

Mr. RINFRET: We are just as anxious as the Solicitor General to prevent impersonation, but every time we discuss an electoral law or an amendment thereto we are confronted with two conflicting principles; one is to adopt complicated devices to prevent impersonation and the other is to make it as easy as possible for the honest elector to vote. I have always stood for the latter. In my opinion the electoral legislation adopted last year and the amendments before the house this year tend to make it harder and harder for the average honest citizen to register his vote. What is written on the document is rather complicated and in addition he may have to fight for his own right during the revision. And now he is confronted with the possibility of having to read and sign a document at the poll. It is well known that the average person objects to taking an oath; rightly or wrongly he considers it an insult. If people have to read a long document and sign it a number of them will object. I am very much of the opinion of the former Minister of Justice that while an impersonator may be stopped by having to sign a document, if anyone wishes to send impersonators to a poll such impersonators will be schooled in what they have to do in order to attain their purpose. For one impersonator who will be stopped by this amendment, from ten to twenty or more honest voters will be prevented from voting. The honest voter expects the ordinary procedure and if he is confronted with a document of this kind he may refuse to sign it. If a candidate or his agents conspired to put through a number of illicit votes, we may be sure that such impersonators would be properly schooled, and I cannot see that the fact that a record remains after the vote is cast is any advantage over the old system. After all, if a man comes to vote for someone else and signs that other person's name, when he has left the poll there is nothing more against him than the fact that he has left a document behind him. There is nothing more by which to trace him than if he had merely taken an oath under the old system.

Mr. MANION: There is forgery against him as well as perjury if he signs another man's name.

Mr. RINFRET: Yes, but when he has disappeared it will be hard to prove either against him. Speaking from my experience in Montreal, I must say that the important thing seems to me to be to make it as easy as possible for the honest man to vote. I am afraid that all these proposals and particularly this one requiring a man to sign his name will keep more people from voting than it will prevent impersonators from registering votes.

Mr. TUMMON: If his vote is challenged now has he not got to take an oath? If he is an honest man will he hesitate to sign a document?

Mr. DONNELLY: As I understand it, this amendment is introduced to prevent people from impersonating voters. I notice that the Solicitor General said that impersonation was almost unknown in the country. The Prime Minister interjected that it was absolutely unknown in the country districts. May I suggest therefore to the Minister of Justice that this section be applied only to the urban centres and not to the rural districts. It can be used in rural districts only to annoy voters where, as the Prime Minister has said, impersonation is unknown. It can be and is used in this way because I have had experience with it being used to annoy voters at the time of an election, and I would suggest that it be eliminated entirely so far as rural districts are concerned.

Mr. CASGRAIN: Like the hon. member for Quebec East (Mr. Lapointe) and the hon. member for St. James (Mr. Rinfret), I am opposed to this amendment in the form in which it is. I think we are all agreed that impersonation should be stopped, but this is a very unpopular way to go about stopping it. While we may stop a few of the impersonators

and the culprits who are paid to do such a wicked job, I think we will, especially in the large cities, affect the vote of good, honest people, who will not like this form of making an affidavit in the way it is proposed to be done under this amendment. As regards the contention of the hon. member for Quebec West (Mr. Power), his experience is good, but to my mind it is not as good before the committee and the house as that of that of members like the hon. member for Quebec East, the hon. member for St. James and myself who have run elections for many years. He ought to know that in big cities like Quebec, Montreal and others outside our province people come into the polling stations at the last hour, as the hon. member for Hochelaga (Mr. St-Père) has said. If at the time the representative of any given candidate knows his polling division is a Liberal stronghold, or for that matter a Conservative stronghold, because the thing works both ways, and if he wants to be strong for his candidate, he may challenge the vote of any person who comes in there.

I want to draw the attention of the committee to the fact that not only has this been done in cities, but in my own county in a rural district, because some person had been away for a certain time and had been put on the list, everyone who came to the poll was challenged. This was done even in rural or semi-rural divisions. There is a danger that might obtain if this form of affidavit is used. We have the present form whereby a man coming in may be attested and forced to take the oath. He takes the oath and it is marked that he is sworn. If he takes the oath, he is given a ballot because he is on the list. This proceeding we are taking to-day is the last, third degree test after the revision and the main basic lists have been made. It has only one purpose, namely, to make the election more difficult, and to try to keep away from the polls as many people as possible.

Mr. DUPRE: That is absolutely ridiculous.

Mr. CASGRAIN: The franchise is in the air; a person has to go and grab it and see that his name is on the list. Formerly every person was on the list and was not bound to under the special circumstances in this case

As the hon. member for Hochelaga has said, what guarantee have we that we have caught the impersonator? The man who is bad, who is the culprit, who is asked to do a wicked job, will be requested to make an affidavit and to subscribe his name. He will subscribe the name of the person he wants to impersonate. We have not his signature; we do not know who he is; we have not his address. We have to grab him on the spot. If he takes the affidavit, impersonates the man and we give him the ballot, he takes it and goes free. What guarantee have we that we can reach that man? We cannot reach him at all, and I doubt whether this amendment will serve the purpose it is intended to serve. If this affidavit were made in the form of an oath to be taken, but not to force the person who would be called upon to subscribe to the oath, to put his signature to it, I would not object to that so much. But to force a person to sign, I think, with the mentality of the people in our province—and I think the same is true in all the provinces—it is an insult to the labourers, the employees, the honest workingman who come to the polls, to be forced at the wish of a representative there to put his signature to a document or, if he does not know how to sign, to put his mark. I repeat that we have no guarantee that we will be able to get the wicked man who wants to deprive the honest voter of his vote. I am against it.

Mr. HACKETT: I suppose hon. members opposite are aware of the campaign which has been carried on for some time in the city of Montreal to identify electors. They are aware that a bill was prepared to force every elector to carry a card of identification bearing his photograph. That measure went forward with unanimous approval. This was a matter of some inconvenience, but it was for the purpose of correcting the very ill which is complained of here. If the signature of the document is in itself a great ill, why should we exact that every person who comes into the country must sign? It is impossible to come in on the train from the neighbouring republic without signing a document as to one's origin and so forth, and it is impossible to go into the neighbouring republic without doing the same thing. If these requirements are exacted for a mere transitory visit, it seems to me that perforce like requirements should be exacted of people who are by their vote going to determine what is going to be the policy and even the destiny of the country.

After all I think we can admit that the practical application and use of this document will be restricted to how many constituencies? A few in Montreal. I know nothing of Toronto or the other cities. The very example given by the hon. member for Charlevoix-Saguenay (Mr. Casgrain) shows that the signature of the document will in no way increase his embarrassment. He said that a deputy returning officer challenged a certain number of people.

It is not my purpose to discuss the question whether he did that with or without reason, but we are not taking away that right, and it will merely mean that the person who takes an oath will do it in a form of which there will be a permanent record. If this legislation is passed, I do not believe it would be brought into practical application to any extent in more than a dozen constituencies, and it will give an assurance of an honest vote. I cannot and will not assume that hon. gentlemen in whatever section of the house they sit are less interested in that result than are those who are bringing forward this bill.

Mr. BAKER: The hon. member for Charlevoix-Saguenay (Mr. Casgrain) mentioned the blocking of the poll. He will admit that impersonations will be in the morning because if the impersonator does not arrive in the morning, the opportunity for impersonation will be lost, so his point there is very weak.

Mr. McPHEE: In country polls the deputy returning officer will not know anything about the legal effect of a signature, and I would suggest that the Minister of Justice should insert an alternative:

That I am unable to write and have hereto made my mark and that is my true name.

That will cover the difficulty.

Mr. GUTHRIE: I am trying to draft a clause to carry out that suggestion.

Mr. LAPOINTE: Also there will be nothing to prevent challenging the voter under another section of the act, and he will have to take another oath on form 19 in which he will be required to swear again that he is a British subject, twenty-one years of age, that he has not voted before at this election, has not been employed by any person for pay or reward in reference to this election and has not been promised anything directly or indirectly to induce him to vote. There will be two sets of oaths that may be required from any voter, one he will have to sign in the form of an affidavit, for the other the usual oath will serve the purpose.

Mr. DUPRE: They do not serve the same purpose.

Mr. LAPOINTE: No, but they both take time. It is not such an easy thing as some hon. gentlemen claim, and I have had some experience in elections. It takes time to swear voters, especially if someone wants time to be taken, they will insist on having the two oaths forced on the elector who applies to vote, and one of them will have to be signed. There are many people, old ladies and old labouring people who do not like to take affidavits and sign their names just for the purpose of voting.

Mr. HACKETT: They are not impersonators.

Mr. GAGNON: The honest voter is never afraid to sign his name.

Mr. LAPOINTE: It is all very well for my hon. friend to say that, he has not had the experience, let me tell him. I know people who have refused to swear although they were the most honest in the world, they do not like it. There are people—we may think it is a mistake of conscience but there are those who think it is a bad thing to take an oath, they are afraid to take an oath under any circumstances, and I think forcing them to do that for the purpose of registering their vote will cause some of them to decline to exercise their right or fulfil the duty of registering their vote at any election. You will not serve any purpose by doing this but you will prevent some honest voters from voting. It is useless to say we want to have clean elections, I do not think anyone will charge me with having any other intention in mind. Anything that will lead to honest elections I will support as strongly as anyone, but I do not believe this is the right way of doing it. I think this will rather hit people who are not the fraudulent persons whom it is intended to prevent doing their evil work.

An hon. MEMBER: You are wrong.

Mr. LAPOINTE: An hon. member says I am wrong. I know when I was representing a rural sitting in Kamouraska this thing would not apply there at all, but let those who are carrying on elections in cities and know something about the conditions say what their experience is in that regard.

Mr. MANION: There are more from cities on this side.

Mr. LAPOINTE: Let me tell my hon. friend many of his electors will not like this provision, and he will agree that I was not wrong in the fight I am making to-day.

Mr. POWER: Before this passes I would like to make a few observations. I entirely agree with my hon. friend from Quebec East (Mr. Lapointe). It will be quite possible for any evil-minded scrutineer to block any of the large city polls in the city of Quebec, let alone in Montreal, without the assistance of the deputy returning officer; a scrutineer who intends to win for his candidate by fair means

or foul—and this is fair means under the act —could very easily in the last two hours of voting challenge enough people to block the polls. It is all very well to say there are ten hours to vote, but even ten hours with three hundred voters means a voter every two minutes during the whole day. This affidavit will take five minutes to get signed if it is properly done.

An hon. MEMBER: More than that.

Mr. DUPRE: No.

Mr. POWER: The Solicitor General says no. I think it was the Minister of Justice, or perhaps the Prime Minister who said they wished to correct the present system whereby a voter comes in and they say, "You swear to this," and that is all. It is much easier to say, "You sign this." They will not go through all the formality of swearing, they will just say, "Sign this," and they will sign. If a man is going to telegraph he will sign anything, he will sign his cross, and how can you identify him afterwards?

Mr. MacNICOL: He won't be able to vote irregularly as often.

Mr. POWER: It is all very well for the Minister of Railways to say, "That is different, this is not impersonation, this is forgery." He thinks it is going to be made more difficult because another crime is piled on top of the crime that already exists. I wonder if my hon. friend the Minister of Railways ever saw a properly drawn election petition. A man whose election is protested is accused of every crime they can think of.

Mr. MANION: They never contest mine.

Mr. POWER: No, there is always a saw-off in Ontario, I understand.

Mr. MANION: Never had a saw-off in any of mine.

Mr. POWER: If my hon. friend ever saw an election petition he would be appalled at the number of crimes you can commit under the Dominion Elections Act already.

Mr. MANION: My hon. friend ought to know.

Mr. POWER: Everything from hiring a man to drive voters to the polls—which I thought was absurd—to personation, subornation of personation, and the Lord knows how many other crimes. To add another crime that of perjury will not change the attitude of the person who intends to poll a vote which he is not entitled to poll. I can assure my hon. friend that the only effect this can possibly have is first to prevent the honest man from voting. In my early days it was considered quite a favourite trick to challenge the most respectable man on the opposite side, to say, "Now we will put the oath to this fellow and he will probably walk out of the polling booth insulted." He will be far more insulted if you ask him to sign; he will say, "I'll be darned if I'm going to sign." I maintain that given the idea of winning the election, in any polling subdivision where it is fairly certain that one party is predominant, a scrutineer with a certain amount of courage by insisting on these affidavits in the last two hours of voting can block the polls. He can keep twenty-five per cent of the voters in a labour constituency from voting.

An hon. MEMBER: More than that.

Mr. POWER: I can tell my hon. friend the Solicitor General these people can do that if they so desire, there would be nothing fraudulent in it, you could not attack them under this or any other act, they would be performing a perfectly legal action by insisting on every voter who came in after five o'clock being obliged to sign the affidavit. I ask my hon. friend in all conscience to imagine what would happen in St. Sauveur should such tactics be tried either by his side or ours. I think the mounted police would have to come back from Regina.

Mr. DUPRE: The same thing could be done under the old law, and it was not done.

Mr. POWER: The same thing could be done by way of swearing, yes. But it will take far more time for this affidavit to be drawn.

Mr. DUPRE: No, it is very short.

Mr. POWER: Honest people will argue for hours before they will put their signature to a document, but those who are voting dishonestly will take only a second to write their names, they will sign crosses, and they will be gone. It is easy for those who wish to sign an affidavit and so blind themselves to the truth to do so; we all know that in our practice in the courts, but it is extremely difficult to get a man to come before the court and swear to the same thing that he will put his signature to. The dishonest man, or the man who is not fully conscious of his duty, will sign this paper in a moment. The honest man will absolutely refuse to do so, and the unjust scrutineer, particularly if he is backed by a partisan returning officer, can prevent the true expression of the people through their votes. That is why I am opposing this affidavit.

Mr. BENNETT: It is getting on towards one o'clock, when the house will rise unless we pass a motion that we should continue to sit. I am entirely in the hands of the house—

Mr. MACKENZIE (Vancouver): Let us continue to sit.

Mr. BENNETT: If it is the wish of the house we might report progress and I will move that we continue to sit without intermission.

Mr. MACKENZIE KING: That is quite agreeable so far as we are concerned.

Progress reported.

BUSINESS OF THE HOUSE

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, by leave of the house I move that the house do not rise at one o'clock but that we continue to sit until a further motion is made to adjourn. I assume that would be the proper thing to do.

Motion agreed to.

EIGHT HOUR DAY

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 21, to provide for limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, in accordance with the convention concerning the application of the principle of the eight hour day or of the forty-eight hour week adopted by the general conference of the international labour organization of the League of Nations, in accordance with the labour part of the treaty of Versailles of the 28th June, 1919.

He said: There has been a long and extended further discussion in regard to these amendments, and it seems to be the best advice of those better able to speak than I that these amendments meet the views of most of those concerned. If we do not concur in these amendments it is hard to say how long and protracted the discussion may be, so I move concurrence in the amendments made by the Senate.

Motion agreed to; amendments read the second time and concurred in.

DOMINION ELECTIONS ACT, 1934

The house resumed consideration in committee of Bill No. 105, to amend the Dominion Elections Act, 1934—Mr. Guthrie—Mr. Smith (Cumberland) in the chair.

On section 3—Form 20 amended.

Mr. GUTHRIE: Mr. Chairman, at the suggestion of the hon. member for Shelburne-Yarmouth (Mr. Ralston), in regard to the case of an illiterate voter who does not sign his name I have drafted a short amendment that might cover some of the objections that have been offered to this section. The amendment is as follows:

> That .....is my true name, and that the signature hereto is in my usual handwriting; or in the case of an illiterate voter, that the mark placed hereto is my usual method of signing my name.

I should be content to accept that amendment instead of the section as drawn.

Mr. LAPOINTE: What protection will that be? What will that mark be a protection against?

Mr. GUTHRIE: There are very few illiterate voters in Canada. It would not be protection equal to the signature.

Mr. POWER: But "Mr. Telegrapher" would say, "I am an illiterate voter."

Mr. GUTHRIE: We would have to take that chance. This is to prevent fraud as far as possible. We cannot foresee every case.

Mr. POWER: But that is naturally what he would do. If he were afraid of the crime of forgery, as suggested by my hon. friend the Minister of Railways, he would say, "All right; I cannot sign." He would walk into the poll; he would be duly sworn; he would go in with the representatives of both parties; he would go through all the performance of an illiterate and they would say, "All right, come and put your mark here." He would place his mark there and he would do it forty-two times, just like the man who is sworn.

Mr. GUTHRIE: Then we had better stick to the clause as drawn. I am only suggesting this at the instance of the hon. member for Shelburne-Yarmouth.

Mr. POWER: This is not any better.

Amendment agreed to on division.

Section as amended agreed to on division.

Section 4 agreed to.

Mr. GUTHRIE: Before the bill is reported, there were two amendments added last night at the end of the bill. Did we get those in order?

The CHAIRMAN (Mr. Smith, Cumberland): Yes, I have them here.

Bill reported, read the third time on division, and passed.

TRADE AND INDUSTRY COMMISSION

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Has the house finally considered the amendments made by the Senate to Bill No. 86? I understood a further conference was going on, and that we had not received the final report.

Hon. E. N. RHODES (Minister of Finance): My right hon. friend may be correct; I will ascertain the situation as quickly as possible. I believe so far as we in this house are concerned, however, the procedure is concluded.

Mr. GUTHRIE: We refuse to concur in three of the Senate amendments to that bill.

Mr. MACKENZIE KING: We might go through the remaining supplementary and main estimates, reserving one of the readings.

Mr. BENNETT: The Senate have not concluded with Bill No. 86. I had a conference with them. It has not yet come back to the house but will be back presently. There are some supplementary estimates not yet disposed of.

Mr. MACKENZIE KING: If we have concluded with everything except Bill No. 86 I see no reason why we might not go ahead with supply, and pass it in whole, but it is understood that there is to be no measure considered other than Bill No. 86. Is that it?

Mr. BENNETT: After we get the supply bill through, we want to vote on the Harris resolution because it was a vote the right hon. gentleman asked for, not a discussion.

Mr. CASGRAIN: Forget it.

Mr. MACKENZIE KING: I do not want to repeat what the Right Hon. Mr. Thomas said, but I think it would be all humbug to have a vote on that resolution at this time.

Mr. BENNETT: It is on Hansard that the right hon. gentleman did not want to be prevented from the opportunity of voting on it. I want to give him the chance.

Mr. MACKENZIE KING: We will vote at once if my right hon. friend will guarantee there will be no discussion which will prolong the session.

Mr. BENNETT: Yes, but somebody will have to make some observations to get the bill before the house. With respect to Bill No. 98 I am just advised that there is an effort to propose some amendments to that bill that we could not possibly accept as it would be a negation of all the effort we have made, but I cannot speak definitely until I see them.

[The Chairman.]

SUPPLY

The house in committee of supply, Mr. Smith (Cumberland) in the chair.

To pay to the estate of the late General Sir Arthur William Currie, G.C.M.G., K.C.B., LL.D., in recognition of the eminent services rendered to his country by the deceased general during the great war, $50,000.

Mr. BENNETT: I wonder if I might revert to the item making a grant to the estate of the late Sir Arthur Currie as I was not present when the item was discussed before, and I asked that it stand.

I should like to make it clear that the delay in bringing in this vote was quite anticipated by what was said by the hon. member for Vancouver Centre (Mr. Mackenzie) the other evening. It is a vote as we lawyers say, nunc pro tunc, a vote as if given to him in his lifetime, and is therefore payable to his estate, but it was not paid to the estate until such time as the estate was wound up. The complete estate consists of something around $11,000, and this grant is being made as though it were being made to Sir Arthur Currie in his lifetime so far as that is possible.

Mr. MACKENZIE (Vancouver): Is there a reasonable assurance that none of this money will be used for payments to any bank or anything of that sort?

Mr. BENNETT: It is that which I desired to make clear to the committee. I would not otherwise have mentioned it at all. The estate has been wound up and after the payment of all claims there is a small surplus of about $11,000, so no part of this sum will become assessable for any claims of any character against the estate. That is my advice, and I also received a copy of the disposition of the winding up of the estate under the laws of Quebec.

Mr. MACKENZIE (Vancouver): While I am not at all opposing this vote I think a life annuity would have been preferable in the public interest.

Mr. BENNETT: The reasons are obvious. The action taken is the action that should have been taken—shall I say, without being offensive to anyone—at the conclusion of the war. Those who have read the speech of Mr. Lloyd George when he proposed a grant of £100,000 to Lord Haig and £100,000 to Admiral Beatty, £25,000 to Sir Maurice Hankey and £50,000 to other generals and army commanders will remember that he pointed out at the beginning of his speech that it had always been the tradition in Great Britain that those who had rendered signal service to

the nation in time of peril should be remembered, that that was a distinguishing feature between Rome and Carthage and that one had perished and the other had survived. In this instance the endeavour has been made to vote the grant as though the grant were being made at the end of the war to the deceased general himself, and therefore it is payable to his estate. I am informed that it will be utilized for the purpose of purchasing an annuity for the widow under the direction of the executors. As a matter of fact I believe that has already been arranged. The balance of the estate to which she is entitled will with this amount ensure the widow a reasonable annuity for the balance of her life. It is purely a technical matter that it is being dealt with in this way. I think the principle of paying annuities to those who are the survivors of distinguished persons is one which this parliament has hesitated to adopt. I know now about twelve or fifteen judges' widows who think they should receive an annuity. We have acted upon another principle, and hence I thought it desirable to make this short statement to the committee because of my absence the other evening.

Item agreed to.

Expenses of the royal commission on price spreads and mass buying (governor general's warrants of July 30, November 3 and December 19, 1934), $155,000.

Mr. HANSON: Mr. Chairman, I wish to give the following information to the committee. The total cost of the price spreads committee while it was a committee was $196,783.51, and while it was a royal commission $217,889.15, making a grand total of $414,672.66. There may be some accounts for printing which have not yet come in and not included in this amount. These figures are given by the comptroller of the treasury.

Mr. MACKENZIE (Vancouver): The minister was asked the other evening, and stated that he would inform the committee how much was paid to the auditors.

Mr. HANSON (York-Sunbury): I have that detailed up to a certain date. Up to March, Clarkson, Gordon, Dilworth, Guilfoyle and Nash had been paid $27,238.21, and there was an account for $5,994.52 outstanding; F. A. Nightingale had been paid $1,655, and expenses of $136.41, or a total of $1,791.41; Fred Page Higgins, $23,520.65, and expenses $2,011.39, or a total of $25,532.04; Peat, Marwick, Mitchell and Company, $6,235, and expenses $1,583.80, or a total of $7,818.80, and there was an account for $1,908.40 outstanding. That is all the information I have with respect to the auditors.

Mr. DONNELLY: When this committee on July 3 was considering this item the Minister of Trade and Commerce was asked how much money had been collected from tax evaders as a result of the price spreads investigation. He said that he did not know exactly, that he had heard only rumours but he understood that a considerable amount had been collected. I understand that during the past month the Minister of Finance and the Minister of National Revenue have both been asked the same question, and they both told us that no money whatever had been collected.

Mr. HANSON (York-Sunbury): They did not say that.

Mr. DONNELLY: At page 1655 of Hansard of March 12, 1935, the Minister of National Revenue was asked this question:

Have any sums been collected by the income tax department as a result of revelations before the price spreads and mass buying commission, and if so what is the amount?

And the Minister of National Revenue replied:

I am informed that the answer is no; no amount has been collected.

That was the answer of the minister. Many Conservative members are going about the country telling of the huge sums of money which have been collected, more than sufficient to pay for the cost of the investigation. I think we should know whether or not any sums have been collected. It has been stated that the MacDonald Tobacco Company and the Canada Packers Limited have paid large amounts in income taxes which would not have been paid had this investigation not been held. If the minister has any information in this connection I should like to have it. I should like to know if he has any information about the rumours which have been going about.

Mr. MATTHEWS: I know nothing about any rumours. Perhaps the hon. member is confusing the recent rise in prices with—

Mr. DONNELLY: That has nothing to do with it.

Mr. MATTHEWS: We examined the evidence given before the committee and the commission and we went to the trouble of distributing this evidence to the different local inspectors of income tax for further examination and report. So far as I am aware no additional revenue has accrued as a result of the inquiry although up to date all inspectors have not reported.

Mr. DONNELLY: I am not finding fault with the Minister of National Revenue (Mr. Matthews) but the Minister of Trade and Commerce (Mr. Hanson) has said that he has it on rumour that large sums of money have been paid. I want to know what the rumours are with which the Minister of Trade and Commerce is dealing. I want to know if they are based on fact or if they are just street talk.

Mr. HANSON (York-Sunbury): My understanding was that certain revenue had been received by the department but that none of it had been earmarked as having been received as a result of the investigation.

Mr. DONNELLY: What department?

Mr. HANSON (York-Sunbury): The income tax.

Mr. DONNELLY: The Minister of National Revenue has just told us there was nothing received.

Mr. HANSON (York-Sunbury): Then that is correct.

Item 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. Smith (Cumberland) 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 31st March, 1936, the sum of $16,359,978.34 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. 122 for granting to His Majesty certain sums of money for the public service for the fiscal year ending March 31, 1936.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. RHODES: Mr. Speaker, the Senate committee has finished its deliberations and the Senate has reconvened. I am expecting a message momentarily from the Senate and the Prime Minister will be here presently. I think it might be possible to continue to see if we cannot conclude in the next few minutes.

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

PROROGATION OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, July 5, 1935.

Sir,

I have the honour to inform you that His Excellency the Governor General will proceed to the Senate chamber to-day at 2.15 p.m. for the purpose of proroguing the present session of parliament.

I have the honour to be sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the Governor General.

COMBINES INVESTIGATION ACT

CONCURRENCE IN SENATE AMENDMENTS

Mr. SPEAKER: I have the honour to inform the house that the following message has been received from the Senate:

Ordered that a message be sent to the House of Commons to acquaint that house that the Senate do insist upon its first amendment to Bill No. 79, an act to amend the Combines Investigation Act, to which the House of Commons has disagreed, for the following reasons:—That the whole intent and purpose and letter of the Combines Investigation Act has to do with the restriction of trade and commerce, and the bill in many other particulars shows that it is carefully and strictly following out that purpose. It deviated from it only in this one point. Its constitutional justification is trade and commerce.

And that the Senate do not insist upon its third amendment to which the House of Commons has disagreed.

Right Hon. R. B. BENNETT (Prime Minister): As will be remembered, the Senate yesterday afternoon suggested amending our bill by adding after the word "combination" the words "having relation to any commodity which may be the subject of trade or commerce." In view of the explanations that have been given and the reasons that have now been read, it would appear that a combination within the terms of this statute contemplated some dealing with a commodity. Plumbing, to which an hon. member referred yesterday is a service, but I am now informed that it had also to do with plumbing fixtures in connection with the combination where an effort was being made to operate

illegally. Under these circumstances I am disposed to move that the house concur in the amendment of the Senate. The third amendment to which reference has just been made is that in which we indicated to the Senate our desire to continue the use of the word "likely" rather than the word "designed." The Senate has now agreed to that word remaining as it was in the bill as it left the house. I think that is all the matter that was not disposed of yesterday. I move second reading and concurrence in the first amendment by the Senate to Bill No. 79.

Motion agreed to; amendment read the second time and concurred in.

CANADIAN GRAIN BOARD

CONCURRENCE IN SENATE AMENDMENTS

Right Hon. R. B. BENNETT (Prime Minister): Bill No. 98, to provide for the constitution and powers of the Canadian grain board, has been considered by the Senate, and on page 4 at line 12, the words "as speedily" have been stricken out. That means that as regards the disposition of the accumulation in the hands of the Canadian Cooperative Wheat Producers Limited, the wheat represented by such contracts is to be disposed of "as may be reasonably possible, having regard to economic and other conditions."

On page 4, line 49 dealing with the investigations of the operations of the grain exchange, it is provided that this is "with the approval of the governor in council," because otherwise continuous investigations might make it impossible for them to carry on their business. I see no objection to these amendments, although I would have preferred that the words remain as they originally were, but the committee heard the presentation of the case from two angles this morning. The third amendment that was suggested has not been made, and under the circumstances I would move that the Senate amendments be read a second time and concurred in.

Motion agreed to; amendments read the second time and concurred in.

BUSINESS OF THE HOUSE

Mr. BENNETT: The Senate is still dealing with our trade commission bill. They have sent their reasons for disagreeing with the motion we adopted this morning, and the clerk of the Senate tells me that it will be a minute or two before their consideration is completed. I cannot do anything to expedite it beyond what I have done.

Mr. MACKENZIE KING: Will that be the last order of business, when we conclude supply?

Mr. BENNETT: As far as I know.

WAYS AND MEANS

SUPPLY BILLS

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 116, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1936.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I notice that section 4 gives the governor in council power to raise a loan of $200,000,000 for public works and general purposes. Is it usual to embody the power for borrowing in the bill which grants supply?

Mr. RHODES: I think my right hon. friend will find that that has been common to money bills for many years, and has not been changed in any respect.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

Mr. RHODES moved the second reading of Bill No. 122, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1936.

He said: This is the bill founded upon the supplementary estimates.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

TRADE AND INDUSTRY COMMISSION

MESSAGE FROM THE SENATE WITH RESPECT TO SENATE AMENDMENTS

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate with respect to Bill No. 86, as follows:

(1) That in respect of section 14 the Senate agrees to the insertion of the word "unanimous" between the word "the" and the word "opinion."

(2) That the Senate does not insist on the amendment made to section 20 of the bill, but strikes out section 20 and substitutes therefor the following in lieu thereof:

"20. The commission shall receive complaints respecting unfair trade practices and may investigate the same and, either before or after an investigation, if of opinion that the practice complained of constitutes an offence against any dominion law prohibiting unfair trade practices, may communicate the complaint and such

evidence, if any, in support thereof as is in the possession of the commission to the attorney general of Canada with a recommendation that all persons who are parties or privies to such offence be prosecuted for violation of the applicable act. The attorney general of Canada, if he concurs in such recommendation may refer it with such complaint and such evidence, if any, either to the Director of Public Prosecutions or to the attorney general of the province within which the offence is alleged to have been committed for such action as may seem to be appropriate in the circumstances."

(3) That the Senate does not insist on its amendment at the end of line 29 in section 21.

(4) That the Senate does not insist on its amendment new section 28.

(5) That the Senate does insist on the deletion of section 26 for the reason that said section contemplates a revision of dominion company issues in certain cases by the Dominion Trade and Industry Commission and that consequently such commission would require a staff of competent experts in this special line to intelligently discharge their duties and that in this regard the commission would become a duplication of provincial commissions already created for similar purposes and clothed with ample power to protect the public in respect of these matters.

Further, the Senate is of opinion that the exercise or non-exercise of the right on the part of the Secretary of State to have such issues reviewed, or not have them reviewed, would be regarded by the public as the taking of responsibility by the Secretary of State for the capital structures of companies no matter what safeguards or precautionary provisions are inserted, and that this is most undesirable.

Hon. HUGH GUTHRIE (Minister of Justice): With regard to Bill No. 86, to establish a dominion trade and industry commission, which has just been returned from the Senate, I move the second reading of and concurrence in amendments made by the Senate.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): It is obviously impossible at this time to consider these amendments as they should be considered. Under the circumstances existing I shall offer no objection to concurrence.

Motion agreed to; amendments read the second time and concurred in.

Mr. GUTHRIE: If my motion needs the words added that a message be sent to the Senate, then I will include those formal words.

Mr. SPEAKER: If the amendments are concurred in, I think that ends the matter.

PROROGATION OF PARLIAMENT

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

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

[Mr. Speaker.]

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber, His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act to amend the Soldier Settlement Act.

An Act respecting Canadian Marconi Company.

An Act respecting The Sarnia-Port Huron Vehicular Tunnel Company.

An Act for the relief of Dora Eleanor Mathieson Campbell.

An Act to amend The Natural Products Marketing Act, 1934.

An Act to amend The Companies Act, 1934.

An Act respecting Fruit, Vegetables and Honey.

An Act to assist the Construction of Houses.

An Act relating to the application of The Farmers' Creditors Arrangement Act, 1934, in the province of British Columbia.

An Act for the purpose of establishing in Canada a system of Long Term Mortgage Credit for Fishermen.

An Act respecting the establishment of an Exchange Fund.

An Act respecting the Convention of Commerce between Canada and Poland, signed at Ottawa, July 3, 1935.

An Act to amend the Criminal Code.

An Act respecting Radio Broadcasting.

An Act to provide for limiting the Hours of Work in Industrial Undertakings to eight in the day and forty-eight in the week, in accordance with the Convention concerning the application of the principle of the Eight Hour Day or of the Forty-eight Hour Week adopted by the General Conference of the International Labour Organization of the League of Nations, in accordance with the Labour Part of the Treaty of Versailles of 28th June, 1919.

An Act to amend The Dominion Elections Act, 1934.

An Act to amend the Combines Investigation Act.

An Act to provide for the Constitution and Powers of the Canadian Wheat Board.

An Act to establish a Dominion Trade and Industry Commission.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1936.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1936.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name His Excellency the Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed His Excellency the Governor General as follows:

May it please Your Excellency:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Excellency the following bills:—

Acts for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1936.

To which bills I humbly request Your Excellency's assent.

To these bills the Clerk of the Senate, by command of His Excellency the Governor General, did thereupon say:

In His Majesty's name, His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to these bills.

GOVERNOR GENERAL'S SPEECH

After which His Excellency the Governor General was pleased to close the sixth session of the seventeenth parliament of the Dominion of Canada, with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

In bringing to a close the last session of the 17th Parliament of Canada I congratulate you upon the extent and importance of your legislative enactments.

My ministers have for some time been convinced that reforms and adjustments in the existing economic system have become necessary to ensure its more effective and equitable operation. Throughout the world there is a new approach on the part of governments to financial and economic problems, and I confidently believe that the Economic Council of Canada, for which you have provided, will in the future become an important factor in the government service for the correlation of information and scientific investigation.

By the Natural Products Marketing Act, enacted at the last session of parliament, you provided for investigations into costs, price spreads, trade practices and other matters related to the production, marketing and processing of natural products.

During the present session you have amended that statute and the Combines Investigation Act; the Companies Act and the criminal code; and provided for the establishment of a dominion trade and industry commission. These measures will ensure to investors security against fraud; to the producer and distributor, the elimination of unfair practices, to the consumer higher standards of products, and to the dominion a condition of healthy competition in industry. The provision made for the appointment of a director of public prosecutions ensures the enforcement of these enactments.

By the legislation enacted respecting minimum wages, hours of work and weekly rest, the parliament of Canada has made an important advance in the field of social legislation. These measures are of great importance because of their bearing upon economic conditions throughout the country and because they represent Canada's determination to maintain fair and humane conditions of labour for men, women and children in keeping with the national obligations under the treaties of peace and the conventions adopted by the general conference of the International Labour Organization of the League of Nations, to which Canada subscribed.

Through the action of my government, in cooperation with the financial institutions of the country, Canada enjoys the most favourable interest rates in its history. The provision which you have made for loans to farmers at low interest rates, and the measure which you have enacted during the last session of parliament respecting farmers' indebtedness have improved their economic condition. The amendments made to these measures during the session will further extend their benefits. You have also made provision for assisting fishermen by establishing a system of long term mortgage credit.

The enactment of the measure relating to unemployment and social insurance will, through the establishment of a national labour exchange service, provide for dealing more effectively with the problem of seasonal and other unemployment, and will afford the means whereby Canadian workers can, with the assistance of the government, make provision for their own security.

Following a conference with the representatives of all the provinces my ministers have decided to appoint a royal commission to make a thorough investigation of our national health problems with a view to proposing a definite plan for the cooperation of federal and provincial authorities in a national health policy.

The measures which you have taken to provide for public works and undertakings throughout Canada, to authorize the guarantee of certain railway equipment securities, and to assist in the construction of houses will, it is confidently believed, do much to stimulate industry in the building trades throughout the country and create employment.

The action which you have taken during the past few years to raise prices paid to wheat producers gives effect to the policy adopted at the Empire Economic Conference held at Ottawa and the World Economic Conference held at London. By your action in providing for the Canadian Wheat Board that policy will be continued.

The provisions which you have made for the revaluation of gold and an exchange stabilization fund constitute an important effort to restore normal exchange conditions throughout the world and make possible a greater volume of international trade.

Important amendments have been made to the Income War Tax Act, and provision has been made for the rehabilitation of drouth and soil drifting areas in the prairie provinces. Other measures include the relief act and an act to amend and consolidate the acts relating to patents of invention.

During the session my government tabled the additional protocol to the trade agreement between Canada and France, which provides for the extension of further tariff concessions by each country to the products of the other. You have approved a convention of commerce between Canada and Poland, by means of which it is hoped to increase the trade between the two countries on mutually advantageous terms. A modus vivendi was also concluded with the republic of Haiti, and the New Zealand trade agreement has been extended.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

You have reason to rejoice in the proud position which Canada enjoys as a member of the British commonwealth of nations. The world-wide celebrations commemorating the twenty-fifth anniversary of the accession to the throne of His Majesty have impressed the whole world with the unity and solidarity of the Empire, the devotion and loyalty of its peoples to the crown and the extent of its influence for peace and security.

My official connection with Canada is drawing to a close. My interest in the dominion, however, will not terminate with my departure from its hospitable shores. I shall continue to watch its progress and development with deep and abiding interest and the sincere hope and belief that, under God's Providence, it will ever increasingly prosper.

This concluded the sixth session of the seventeenth parliament.

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